
LEGISLATION AND POLICY

Conventional Arms Transfers to Developing Nations, 1995-2002

By

Richard F. Grimmett

Specialist in National Defense Foreign Affairs, Defense, and Trade Division

[The following are extracts from the unclassified report of the *Conventional Arms Transfers to Developing Nations* as published under the above title by the Congressional Research Service (CRS) on September 22, 2003. [Tables 3 through 9D are not included in this extract.] Macro data on worldwide arms transfer agreements and deliveries are also included. The selections included herein begin with a discussion of major research findings regarding the dollar value of both arms transfer agreements and arms deliveries to the developing countries from 1995 through 2002. These findings are all cross-referenced to comparative data tables which are presented following the textual material. Special attention is given to the roles of the United States, the former Soviet Union, and China as arms suppliers, and to identification of the leading Third World arms recipient nations. The report concludes with a listing of the type and quantity of weapons delivered to developing nations by major arms suppliers in the 1995-2002 time period. Copies of the complete document are available from the Foreign Affairs and National Defense Division, Congressional Research Service, the Library of Congress, Washington DC 20540 or an electronic copy is available at <http://fpc.state.gov/documents/organization/24641.pdf>.]

Summary

This report is prepared annually to provide unclassified quantitative data on conventional arms transfers to developing nations by the United States and foreign countries for the preceding eight calendar years. Some general data are provided on world wide conventional arms transfers, but the principal focus is the level of arms transfers by major weapons suppliers to nations in the developing world.

Developing nations continue to be the primary focus of foreign arms sales activity by weapons suppliers. During the years 1995-2002, the value of arms transfer agreements with developing nations comprised 66.2 percent of all such agreements worldwide. More recently, arms transfer agreements with developing nations constituted 64.6 percent of all such agreements globally from 1999-2002, and 60.6 percent of these agreements in 2002.

The value of all arms transfer agreements with developing nations in 2002 was nearly \$17.7 billion. This was an increase over 2001, but still the second lowest total, in real terms, for the entire period from 1995-2002. In 2001, the value of all arms deliveries to developing nations was nearly \$17 billion, the lowest total in deliveries values for the entire period from 1995-2002 (in constant 2002 dollars).

Recently, from 1999-2002, the United States and Russia have dominated the arms market in the developing world, with the United States ranking first and Russia second each of the last four years in the value of arms transfer agreements. From 1999-2002, the United States made \$37.8 billion in arms transfer agreements with developing nations, (in constant 2002 dollars), 41.9 percent of all such agreements. Russia, the second leading supplier during this period, made \$23 billion in arms transfer agreements, or 25.5 percent. France, the third leading supplier from 1999-2002, made \$4.8 billion or 5.3 percent of all such agreements with developing nations during these years.

In 2002, the United States ranked first in arms transfer agreements with developing nations with nearly \$8.6 billion or 48.6 percent of these agreements. Russia was second with \$5 billion or 28.3 percent of such agreements. France ranked third with \$1 billion or 5.3 percent of such agreements. In 2002, the United States ranked first in the value of arms deliveries to developing nations at \$7 billion, or 41 percent of all such deliveries. The United Kingdom ranked second at \$3.3 billion or 19.5 percent of such deliveries. Russia ranked third at \$2.9 billion or 17.1 percent of such deliveries.

During the 1999-2002 period, China ranked first among developing nations in the value of arms transfer agreements, concluding \$11.3 billion in such agreements.

The United Arab Emirates (U.A.E.) ranked second at \$9 billion. India ranked third at \$8 billion. In 2002, China ranked first in the value of arms transfer agreements among all developing nations weapons purchasers, concluding \$3.6 billion in such agreements. South Korea ranked second with \$1.9 billion in such agreements. India ranked third with \$1.4 billion.

Introduction

The data in this report illustrate how global patterns of conventional arms transfers have changed in the post-Cold War and post-Persian Gulf War years. Relationships between arms suppliers and recipients continue to evolve in response to changing political, military, and economic circumstances. Nonetheless, the developing world continues to be the primary focus of foreign arms sales activity by conventional weapons suppliers. During the period of this report, 1995-2002, conventional arms transfer agreements (which represent orders for future delivery) to developing nations have comprised 66.2 percent of the value of all international arms transfer agreements. The portion of agreements with developing countries constituted 64.6 percent of all agreements globally from 1999-2002. In 2002, arms transfer agreements with developing countries accounted for 60.6 percent of the value of all such agreements globally. Deliveries of conventional arms to developing nations, from 1999-2002, constituted 68.3 percent of all international arms deliveries. In 2002, arms deliveries to developing nations constituted 66.7 percent of the value of all such arms deliveries worldwide.

The data in this new report supercede all data published in previous editions. Since these new data for 1995-2002 reflect potentially significant updates to and revisions in the underlying databases utilized for this report, only the data in this most recent edition should be used. The data are expressed in U.S. dollars for the calendar years indicated, and adjusted for inflation. United States commercially licensed arms exports are incorporated in the main delivery data tables, and noted separately. Excluded are arms transfers by any supplier to subnational groups.

Calendar Year Data Used

All arms transfer and arms delivery data in this report are for the calendar year or calendar year period given. This applies to both U.S. and foreign data alike. United States government departments and agencies publish data on U.S. arms transfers and deliveries but generally use the United States fiscal year as the computational time period for these data. (A U.S. fiscal year covers the period from October 1 through September 30). As a consequence, there are likely to be distinct differences noted in those published totals using a fiscal year basis and those provided in this report which use a calendar year basis for its figures. Details regarding data used are outlined in footnotes at the bottom of Tables 1, and 2.

Constant 2002 Dollars

Throughout this report values of arms transfer agreements and values of arms deliveries for all suppliers are expressed in U.S. dollars. Values for any given year generally reflect the exchange rates that prevailed during that specific year. In many instances, the report converts these dollar amounts (current dollars) into constant 2002 dollars. Although this helps to eliminate the distorting effects of U.S. inflation to permit a more accurate comparison of various dollar levels over time, the effects of fluctuating exchange rates are not neutralized. The deflators used for the constant dollar calculations in this report are those provided by the U.S. Department of

Defense and are set out at the bottom of Tables 1, and 2. Unless otherwise noted in the report, all dollar values are stated in constant terms. Because all regional data tables are composed of four-year aggregate dollar totals (1995-1998 and 1999-2002), they must be expressed in current dollar terms. Where tables rank leading arms suppliers to developing nations or leading developing nation recipients using four-year aggregate dollar totals, these values are expressed in current dollars.

Definition of Developing Nations and Regions

As used in this report, the developing nations category includes all countries except the United States, Russia, European nations, Canada, Japan, Australia, and New Zealand. A listing of countries located in the regions defined for the purpose of this analysis Asia, Near East, Latin America, and Africa is provided at the end of the report.

Arms Transfer Values

The values of arms transfer agreements (or deliveries) in this report refer to the total values of arms orders (or deliveries as the case may be) which include all categories of weapons and ammunition, military spare parts, military construction, military assistance and training programs, and all associated services.

Major Findings

General Trends in Arms Transfers Worldwide

The value of all arms transfer agreements worldwide (to both developed and developing nations) in 2002 was nearly \$29.2 billion. This is a decrease in arms agreements values over 2001, and is the second consecutive year that total arms agreements have declined (Chart 1).

In 2002, the United States led in arms transfer agreements worldwide, making agreements valued at nearly \$13.3 billion (45.5 percent of all such agreements), up from \$12.1 billion in 2001. Russia ranked second with \$5.7 billion in agreements (19.5 percent of these agreements globally), a nominal increase over 2001. Ukraine ranked third, its arms transfer agreements worldwide standing at \$1.6 billion in 2002. The United States and Russia collectively made agreements in 2002 valued at nearly \$19 billion, 65 percent of all international arms transfer agreements made by all suppliers (Figure 1)(Tables 8A, 8B, and 8D, not shown in this report).

For the period 1999-2002, the total value of all international arms transfer agreements (about \$139.8 billion) was notably higher than the worldwide value during 1995-1998 (\$123.3 billion), an increase of 13.4 percent. During the period 1995-1998, developing world nations accounted for 68 percent of the value of all arms transfer agreements made worldwide. During 1999-2002, developing world nations accounted for 64.6 percent of all arms transfer agreements made globally. In 2002, developing nations accounted for 60.6 percent of all arms transfer agreements made worldwide (Figure 1)(Table 8A, not shown in this report).

In 2002, the United States ranked first in the value of all arms deliveries worldwide, making \$10.2 billion in such deliveries or 40.3 percent. This is the eighth year in a row that the United States has led in global arms deliveries, reflecting, in particular, implementation of arms transfer agreements made during and in the aftermath of the Persian Gulf War. The United Kingdom ranked second in worldwide arms deliveries in 2002, making \$4.7 billion in such deliveries. Russia ranked third in 2002, making \$3.1 billion in such deliveries. These top three suppliers of arms in 2002 collectively delivered over \$18 billion, 70.9 percent of all arms delivered worldwide by all suppliers in that year. (Figure 2)(Tables 9A, 9B and 9D, not shown in this report).

The value of all international arms deliveries in 2002 was \$25.4 billion. This is a decrease in the total value of arms deliveries from the previous year (nearly \$27 billion), and by far the lowest total for the eight years covered by this report. The total value of such arms deliveries worldwide in 1999-2002 (\$130.9 billion) was a substantial decrease in the value of arms deliveries by all suppliers worldwide from 1995-1998 (\$179.4 billion). (Figure 2)(Charts 7 and 8).

Developing nations from 1999-2002 accounted for 68.3 percent of the value of all international arms deliveries. In the earlier period, 1995-1998, developing nations accounted for 73 percent of the value of all arms deliveries worldwide. In 2002, developing nations collectively accounted for 66.7 percent of the value of all international arms deliveries (Figure 2).

Most recently, many developing nations have curtailed their expenditures on weaponry primarily due to their limited financial resources. This has only served to intensify competition among major arms suppliers for available arms contracts. Given the tenuous state of the global economy, even some prospective arms purchasers with significant financial resources have been cautious in making major new weapons purchases. To meet their military requirements, in current circumstances, a number of developing nations have placed a greater emphasis on upgrading existing weapons systems while deferring purchases of new and costlier ones. These countries have also, in several instances, chosen to focus on the absorption of major items previously obtained.

Developed nations have continued to seek to protect important elements of their own national military industrial bases. As a result, these nations have limited their own arms purchases from one another, with the exception of cases where they are involved in the joint production or development of specific weapons systems. The changing dynamics of the international arms marketplace has led several arms supplying nations to restructure and consolidate their defense industries due to competitive pressures. Several traditional arms supplying nations have found it necessary to join in multinational mergers or joint production ventures to maintain the viability of important elements of their national defense industrial sectors. Other arms suppliers have chosen to focus on specialized niche markets where they have a competitive advantage in the sale of a specific category of weaponry.

Many weapons exporting nations have continued to focus their sales efforts on nations and regions where they have distinct competitive advantages due to longstanding political and military relationships with the prospective buyers. Within Europe, the potential exists for a number of new arms sales to nations that were formerly part of the Warsaw Pact and are now members of NATO, or have membership in prospect. This new market for arms is currently limited by the prospective buyers lack of significant financial resources, making seller financing and/or offset arrangements key considerations in securing contracts with these nations. Competition has been strong between U.S. and European companies in pursuit of these orders, as they have the potential to partially compensate for sales losses elsewhere.

Notable new arms sales may occur with specific countries in the Near East, Asia, and Latin America in the next few years. A significant factor will be the health of the international economy. Various nations in the developed world wish to replace older military equipment. Yet the developing world as a whole has barely recovered from the Asian financial crisis of the late 1990s and the notable fluctuations in the price of crude oil in the last few years. Traditionally high profile weapons purchasers in Asia and the Near East were greatly affected by these events and consequently have been cautious in seeking new arms agreements. Economic as well as military considerations have factored heavily in their arms purchasing decisions, a circumstance likely to continue for some time.

Despite the fact that some Latin American, and to a lesser extent, African states have expressed interest in modernizing older items in their military inventories, the state of their domestic economies continues to constrain their weapons purchases. Developing nations, especially less affluent ones, continue to be most dependent on financing credits and favorable payment schedules from suppliers in order to be able to make major arms purchases. This circumstance seems likely to continue to limit major weapons orders by the less affluent nations in the developing world, while enhancing the attractiveness to sellers of arms agreements with those countries that have sufficient resources to purchase weaponry without recourse to seller-supplied credit.

General Trends in Arms Transfers to Developing Nations

The value of all arms transfer agreements with developing nations in 2002 was \$17.7 billion, a notable increase over the \$16.2 billion total in 2001. However, this was the second lowest annual total, in real terms, during the 8-year period from 1995-2002. (Chart 1)(Figure 1)(Table 1A). In 2002, the value of all arms deliveries to developing nations (nearly \$17 billion) was a notable decrease from the value of 2001 deliveries (\$18.2 billion), and the lowest total of the last eight years (Charts 7 and 8)(Figure 2)(Table 2A).

Recently, from 1999-2002, the United States and Russia have dominated the arms market in the developing world, with the United States ranking first each of the last four years in the value of arms transfer agreements. From 1999-2002, the United States made nearly \$37.8 billion in arms transfer agreements with developing nations, 41.8 percent of all such agreements. Russia, the second leading supplier during this period, made over \$23 billion in arms transfer agreements or 25.5 percent. France, the third leading supplier, from 1999-2002 made \$4.8 billion or 5.3 percent of all such agreements with developing nations during these years. In the earlier period (1995-1998) the United States ranked first with \$23.5 billion in arms transfer agreements with developing nations or 28 percent; Russia made \$19.1 billion in arms transfer agreements during this period or 22.7 percent. France made over \$12 billion in agreements or 14.4 percent (Table 1A).

During the period from 1995-1998, most arms transfers to developing nations were made by two to three major suppliers in any given year. The United States has ranked either first or second among these suppliers nearly every year from 1995-2002, and first every year since 1998. France has been a strong competitor for the lead in arms transfer agreements with developing nations, ranking first in 1997 and second in 1998, while Russia has ranked first in 1995, and second in 1996, 1999, 2000, 2001 and 2002. Despite France's larger traditional client base for armaments, Russia's more recent successes in securing new arms orders suggests that Russia may continue to rank higher in the value of new arms agreements than France, at least for the near term. Yet Russia has had more significant limitations in its prospective arms client base than other major suppliers. Most of Russia's largest value arms transfer agreements in recent years have been with two countries, China and India. However, the Russian government has noted that it intends to adopt more flexible credit and payment arrangements for its prospective customers in the developing world to secure more orders for its weapons.

Periodically, arms suppliers such as the United Kingdom and Germany may conclude significant orders with developing countries, based on either long-term supply relationships or their having specialized weapons systems they will readily provide. Yet, the United States continues to appear best positioned to secure new arms agreements with developing nations. New and very costly weapons purchases from individual developing countries seem likely to be limited in the near term, given the tenuous state of the international economy. Thus, the overall level of the arms trade with developing nations is likely to remain static or possibly decline in the near term despite some costly purchases made by more wealthy developing countries.

Suppliers in the tier below the United States, Russia and France, such as China, other European, and non-European suppliers, have been participants in the arms trade with developing nations at a much lower level. These suppliers are, however, capable of making an occasional arms deal of a significant nature. But most of their annual arms transfer agreements values totals during 1995-2002 are relatively low, and are based upon smaller transactions of generally less sophisticated equipment. Few of these countries seem capable of becoming major suppliers of advanced weaponry on a consistent basis (Tables 1A, 1F, 1G, 2A, 2F and 2G).

United States

In 2002, the total value in real terms of United States arms transfer agreements with developing nations rose notably to \$8.6 billion from \$6.7 billion in 2001. The U.S. share of the value of all such agreements was 48.6 percent in 2002, up from a 41 percent share in 2001 (Charts 1, 3 and 4)(Figure 1)(Tables 1A and 1B).

The value of U.S. arms transfer agreements with developing nations in 2002 was primarily attributable to major purchases by key U.S. clients in the Near East and in Asia. These arms agreement totals also reflect a continuation of well established defense support arrangements with these and other purchasers worldwide. U.S. agreements with its clients in 2002 include not only some highly visible sales of major weapons systems, but also a continuation of the upgrading of existing ones. The U.S. totals also reflect agreements for a wide variety of spare parts, ammunition, ordnance, training, and support services. Among major weapons systems agreements the United States concluded in 2002 were: with Kuwait for the sale of 16 AH-64 Apache helicopters, and related equipment and support for over \$870 million; with Chile for 10 F-16 C/D combat fighter aircraft, associated equipment and support services for over \$500 million; with South Korea for 3 Aegis combat systems for its KDX-3 destroyers for over \$960 million; and, with Oman for 12 F-16 C/D fighter aircraft, munitions, and support for over \$700 million. The United States also concluded agreements for the sale of various missile systems to clients in both the Near East and Asia. Among these were agreements concluded with: Saudi Arabia for 160 AIM 120C AMRAAM missiles; the United Arab Emirates for 100 AIM-120C AMRAAM missiles; Oman for 50 AMRAAM and 20 Harpoon missiles; Israel and Egypt for Hellfire missiles; and Israel for TOW-2A missiles. South Korea concluded agreements for MK41 Vertical launch systems, SLAM land attack missiles, AGM-84L Harpoon missiles, and AIM-9X Sidewinder missiles.

It must be emphasized that, apart from weapons themselves, the sale of munitions, upgrades to existing systems, spare parts, training and support services to developing nations worldwide account for a very substantial portion of total value of U.S. arms transfer agreements. This fact reflects the large number of countries in the developing, and developed, world that have acquired and continue to utilize a wide range of American weapons systems, and have a continuing requirement to support, modify, as well as replace, these systems.

Russia

The total value of Russia's arms transfer agreements with developing nations in 2002 was \$5 billion, a decline from \$5.4 billion in 2001, but it still placed second in such agreements with the developing world. Russia's share of all developing world arms transfer agreements decreased, falling from 33.3 percent in 2001 to 28.3 percent in 2002 (Charts 1, 3 and 4)(Figure 1)(Tables 1A, 1B and 1G).

Russia's arms transfer agreements totals with developing nations have been notable for the last four years. During the 1999-2002 period, Russia ranked second among all suppliers to developing countries, making \$23 billion in agreements. Russia's arms sales totals reflect its continuing efforts to overcome the effects of the significant economic and political problems stemming from the breakup of the former Soviet Union. Many of Russia's traditional arms clients are less wealthy developing nations that once received generous grant military assistance and deep discounts on arms purchases from the former Soviet Union. Following the dissolution of the Soviet Union in December 1991, Russia did not immediately resume those financing and sales practices. Russia has consistently sought to sell weapons as a means of obtaining hard currency. While some former arms clients in the developing world have continued to express interest in obtaining Russian weaponry, they have been restricted in doing so by a lack of funds to pay for the armaments they seek. Recently, Russian leaders have begun an effort to facilitate procurement of Russian weapons by providing more flexible and creative financing and payment options. Russia has also often found it necessary to agree to licensed production of its weapons systems to secure sales with its two principal clients in recent years, India and China. Such agreements with these nations have accounted for a large portion of Russia's arms transfer agreement totals since the mid-1990s, and seem likely to do so for the immediate future.

Russia's efforts to make lucrative new sales of conventional weapons to a wider customer base continue to confront significant difficulties. This is due in large measure because most potential cash-paying arms purchasers have been longstanding customers of the United States or major West European suppliers. These prospective arms buyers have proven reluctant to replace

their weapons inventories with unfamiliar non-Western armaments when newer versions of existing equipment are readily available from their traditional Western suppliers. Russia's difficult transition from the state supported and controlled industrial system of the former Soviet Union has also led some potential arms customers to question whether Russian defense industries can be reliable suppliers of the spare parts and support services necessary for the maintenance of weapons systems they sell abroad. Furthermore, Russia has not embarked on wide-ranging military research and development programs to bring on-line new, and more advanced, major weapons systems. This places it at great disadvantage in arms markets traditionally dominated by Western weapons suppliers, who continue to expend significant financial and human resources on developing new generations of military combat equipment, and on enhancements to existing weapons systems as well.

Still Russia has had a wide variety of weaponry to sell, from the most basic to the highly sophisticated, and despite the internal problems evident in the Russian defense industrial sector, various developing countries still view Russia as a potential source of their military equipment. In late 2000, Russia served public notice that it again intended to pursue major arms sales with Iran, despite objections from the United States. Iran in the early 1990s was a primary purchaser of Russian armaments, receiving such items as MiG-29 fighter aircraft, Su-24 fighter-bombers, T-72 tanks, and Kilo class attack submarines. Recently there have been a series of on-going discussions between Iran and Russia that could result in major conventional arms orders from Iran. It should also be noted that Russia has had some success in expanding its customer base in Asia to Malaysia, and to Indonesia for combat fighter aircraft. Similar aircraft contracts have been made with Algeria and Yemen.

Despite these accomplishments, Russia's principal arms clients since 1994 have been India and China. Elements of a long range plan for procurement as well as coproduction of a number of advanced Russian weapons systems were agreed to with India in 1999, 2000, and 2001. These agreements are likely to result in significant aircraft, missile, and naval craft agreements with and deliveries to the Indian government in the years to come. One example of the results of these agreements was a deal in early 2001 with India for the procurement and licensed production of 310 T-90 main battle tanks for about \$700 million. But the centerpiece of Russia's arms exporting program has been its growing arms supplying relationship with China, which began to mature in the early to mid-1990s. Since 1996 Russia has sold China at least 72 Su-27 fighter aircraft. Subsequently, a licensed production agreement was finalized between Russia and China, permitting the Chinese to coproduce at least 200 Su-27 aircraft. Russia also sold China two Sovremenny-class destroyers, with associated missile systems, and four Kilo class attack submarines. In 1999, the Chinese purchased between 40-60 Su-30 multi-role fighter aircraft for an estimated \$2 billion, and deals for future procurement of other weapons systems were agreed to in principle. In 2001, Russia sold China about 40 Su-30 MKK fighter aircraft for over \$1.5 billion, and a number of S-300 PMU-2 SAM (SA-10) systems for \$400 million. Most notably, in 2002, Russia reached agreement with China for the purchase of eight Kilo-class project 636 submarines for \$1.6 billion. Further, order options for two additional Sovremenny-class destroyers, and for additional S300 PMU-2 SAM systems, were exercised. A variety of other contracts were reached with China for upgrades, spare parts, and support services associated with existing weapons systems previously sold by Russia. The significance of China in Russia's arms export program is very high, and seems likely to remain so for a number of years.

China

China became an important arms supplier to certain developing nations in the 1980s, primarily through arms agreements with both combatants in the Iran-Iraq war. From 1995 through 2002, the value of China's arms transfer agreements with developing nations has averaged about \$1 billion annually. During the period of this report, the value of China's arms transfer agreements with developing nations peaked in 1999 at \$2.7 billion. Its sales figures that year resulted generally from several smaller valued weapons deals in Asia, Africa, and the Near East, rather than one or two especially large sales of major weapons systems. Similar arms deals with small

scale purchasers in these regions continue. In 2002, China's arms transfer agreements total was \$300 million, its second lowest agreements total for the entire 1995-2002 period. A principal focus of China in recent years has been on a significant military procurement program, aimed at modernizing its military forces, with Russia serving as its principal supplier of advanced combat aircraft, surface combatants, air defense systems, and submarines (Tables 1A, 1G and 1H)(Chart 3).

From its arms selling apex in the late 1980s onward, few clients with financial resources have sought to purchase Chinese military equipment, much of which is less advanced and sophisticated than weaponry available from Western suppliers and Russia. China did supply Silkworm anti-ship missiles to Iran, as well as other less advanced conventional weapons. Nonetheless, China does not appear likely to be a major supplier of conventional weapons in the international arms market in the foreseeable future. More sophisticated weaponry is available from other suppliers such as Russia, or major Western weapons exporters. A noteworthy exception is missiles. Reports persist in various publications that China has sold surface-to-surface missiles to Pakistan, a long-standing client. Iran and North Korea have also reportedly received Chinese missile technology. Credible reports of this nature raise important questions about China's stated commitment to the restrictions on missile transfers set out in the Missile Technology Control Regime (MTCR), including its pledge not to assist others in building missiles that could deliver nuclear weapons. Given its continuing need for hard currency, and the fact that it has some military products (especially missiles) that some developing countries would like to acquire, China can present an important obstacle to efforts to stem proliferation of advanced missile systems to some areas of the developing world where some nations are seeking to develop asymmetric military capabilities, and where political and military tensions are significant.

Major West European Supplier

The four major West European suppliers (France, United Kingdom, Germany, and Italy), as a group, registered a notable increase in their collective share of all arms transfer agreements with developing nations between 2001 and 2002. This group's share rose from 5.1 percent in 2001 to 11.9 percent in 2002. The collective value of this group's arms transfer agreements with developing nations in 2002 was \$2.1 billion compared with a total of \$832 million in 2001. Of these four, France was the leading supplier with \$1 billion in agreements in 2002, a substantial increase from \$520 million in 2001. A substantial portion of the French agreement total in 2002 was attributable to a contract with India for six Scorpene-class submarines. Germany registered arms agreements of essentially \$100 million in both 2001 and 2002. Italy increased its arms transfer agreements with the developing world from \$200 million in 2001 to \$300 million in 2002 (Charts 3 and 4)(Tables 1A and 1B).

The four major West European suppliers, collectively, held a 19.1 percent share of all arms transfer agreements with developing nations during the period from 1995-2002. During the period soon after the Persian Gulf War, the major West European suppliers generally maintained a notable share of arms transfer agreements. More recently this share has declined. For the 1999-2002 period, they collectively held 12.5 percent of all arms transfer agreements with developing nations (\$11.3 billion). Individual suppliers within the major West European group have had notable years for arms agreements, especially France in 1995 and 1997 (\$3 billion and \$5 billion respectively). The United Kingdom also had a large agreement year in 1996 (\$3.2 billion), and at least \$1 billion in 1997, 1998, and 1999. Germany concluded arms agreements totaling at least \$1 billion in 1998, 1999, and 2000, with its highest total at \$2.2 billion in 1999. For each of these three nations, large agreement totals in one year have usually reflected the conclusion of very large arms contracts with one or more major purchasers in that particular year (Tables 1A and 1B).

Major West European suppliers have traditionally had their competitive position in weapons exports enhanced by strong government marketing support for foreign arms sales. Since they can produce both advanced and basic air, ground, and naval weapons systems, the four major West European suppliers have competed successfully for arms sales contracts with developing nations against both the United States, which has tended to sell to several of the same clients, and with

Russia, which has sold to nations not traditional customers of either the West Europeans or the U.S. The demand for U.S. weapons in the global arms marketplace, from a large established client base, has created a more difficult environment for individual West European suppliers to secure large new contracts with developing nations on a sustained basis. Consequently, some of these suppliers have begun to phase out production of certain types of weapons systems, and have increasingly sought to join joint production ventures with other key European weapons suppliers or even client countries in an effort to sustain major sectors of their individual defense industrial bases. A project such as the Eurofighter is but one major example. Other European suppliers have also adopted the strategy of cooperating in defense production ventures with the United States such as the Joint Strike fighter, to both meet their own requirements for advanced combat aircraft, and to share in profits resulting from future sales of the American fighter.

Regional Arms Transfer Agreements

The Persian Gulf War from August 1990-February 1991 played a major role in further stimulating already high levels of arms transfer agreements with nations in the Near East region. The war created new demands by key purchasers such as Saudi Arabia, Kuwait, the United Arab Emirates, and other members of the Gulf Cooperation Council (GCC), for a variety of advanced weapons systems. Egypt and Israel continued their modernization and increased their weapons purchases from the United States. The Gulf states arms purchase demands were not only a response to Iraq's aggression against Kuwait, but a reflection of concerns regarding perceived threats from a potentially hostile Iran. Whether Gulf states assessments of the future threat environment, in the post-Saddam Hussein era, will lead to declines in arms purchases is not clear at this time. However, in recent years, the position of Saudi Arabia as principal arms purchaser in the Persian Gulf has begun to recede. In Asia, efforts in several countries focused on upgrading and modernizing defense forces have led to important new conventional weapons sales in that region. Since the mid-1990s, Russia has become the principal supplier of advanced conventional weaponry to China, while maintaining its position as principal arms supplier to India. Russia has also made some progress in expanding its client base in Asia with aircraft orders from Malaysia and Indonesia. The data on regional arms transfer agreements from 1995-2002 continue to reflect the primacy of developing nations in the Near East and Asia regions as customers for conventional weaponry.

Near East

The Near East has generally been the largest arms market in the developing world. Yet in 1995-1998, it accounted for 43.2 percent of the total value of all developing nations arms transfer agreements (\$30.8 billion in current dollars), ranking it second behind Asia. However, during 1999-2002, the region accounted for 42.2 percent of all such agreements (\$35.9 billion in current dollars), placing it first among developing world arms markets, albeit by a small margin (Tables 1C and 1D).

The United States dominated arms transfer agreements with the Near East during the 1995-2002 period with 60.7 percent of their total value (\$40.5 billion in current dollars). France was second during these years with 13.6 percent (\$9.1 billion in current dollars). Recently, from 1999-2002, the United States accounted for 75.8 percent of arms agreements with this region (\$27.2 billion in current dollars), while Russia accounted for 6.1 percent of the region's agreements (\$2.2 billion in current dollars) (Chart 5)(Tables 1C and 1E).

Asia

Asia has generally been the second largest developing world arms market. Yet in the earlier period (1995-1998), Asia ranked first, accounting for 44.4 percent of the total value of all arms transfer agreements with developing nations (\$31.6 billion in current dollars). During 1999-2002, the region accounted for 41.5 percent of all such agreements (\$35.3 billion in current dollars), ranking second, narrowly (Tables 1C and 1D).

In the earlier period (1995-1998), Russia ranked first in the value of arms transfer agreements with Asia with 41.4 percent. The United States ranked second with 17.2 percent. The major West

European suppliers, as a group, made 23.1 percent of this region's agreements in 1995-1998. In the later period (1999-2002), Russia ranked first in Asian agreements with 51.1 percent, primarily due to major combat aircraft sales to India and China. The United States ranked second with 18.3 percent. The major West European suppliers, as a group, made 14.2 percent of this region's agreements in 1999-2002. (Chart 6)(Table 1E).

Leading Developing Nations Arms Purchasers

China was the leading developing world arms purchaser from 1995-2002, making arms transfer agreements totaling \$17.8 billion during these years (in current dollars). In the 1995-1998 period, the United Arab Emirates ranked first in arms transfer agreements at \$7.3 billion (in current dollars). From 1999-2002, however, the total value of China's arms transfer agreements increased dramatically to \$11.3 billion (in current dollars). This increase reflects the military modernization effort by China in the 1990s, based primarily on major arms agreements with Russia. The total value of all arms transfer agreements with developing nations from 1995-2002 was \$156.3 billion in current dollars. China alone was responsible for 11.4 percent of all developing world arms transfer agreements during these eight years. In the most recent period, 1999-2002, China ranked first in arms transfer agreements with developing nations (\$11.3 billion in current dollars). The United Arab Emirates ranked second during these years (\$9 billion in current dollars). The U.A.E. from 1999-2002 accounted for 10.7 percent of the value of all developing world arms transfer agreements (\$9 billion out of \$84 billion in current dollars) (Tables 1, 1H, 1I and 1J).

The values of the arms transfer agreements of the top ten developing world recipient nations in both the 1995-1998 and 1999-2002 periods accounted for the largest portion of the total developing nations arms market. During 1995-1998, the top ten recipients collectively accounted for 62.8 percent of all developing world arms transfer agreements. During 1999-2002, the top ten recipients collectively accounted for 74.5 percent of all such agreements. Arms transfer agreements with the top ten developing world recipients, as a group, totaled \$13.4 billion in 2002 or 75.8 percent of all arms transfer agreements with developing nations in that year. This reflects the continued concentration of major arms purchases by developing nations within a few countries (Tables 1, 1I and 1J).

China ranked first among all developing world recipients in the value of arms transfer agreements in 2002, concluding \$3.6 billion in such agreements. South Korea ranked second in agreements in 2002 at \$1.9 billion. India ranked third with \$1.4 billion in agreements. Five of these top ten recipients were in the Near East region, four in Asia (Table 1J).

Saudi Arabia was the leading recipient of arms deliveries among developing world recipients in 2002, receiving \$5.2 billion in such deliveries. Saudi Arabia alone received 30.7 percent of the total value of all arms deliveries to developing nations in 2002. Egypt ranked second in arms deliveries in 2002 with \$2.1 billion. Kuwait ranked third with \$1.3 billion (Tables 2 and 2J).

Arms deliveries to the top ten developing nation recipients, as a group, were valued at \$14.6 billion, or 86.1 percent of all arms deliveries to developing nations in 2002. Five of these top ten recipients were in the Near East; five were in Asia (Tables 2 and 2J).

Weapons Types Recently Delivered to Near East Nations

Regional weapons delivery data reflect the diverse sources of supply of conventional weaponry available to developing nations. Even though the United States, Russia, and the four major West European suppliers dominate in the delivery of the fourteen classes of weapons examined, it is also evident that the other European suppliers and some non-European suppliers, including China, are capable of being leading suppliers of selected types of conventional armaments to developing nations.

Weapons deliveries to the Near East, the largest purchasing region in the developing world, reflect the substantial quantities and types delivered by both major and lesser suppliers. The

following is an illustrative summary of weapons deliveries to this region for the period 1999-2002.

United States

- 157 tanks and self-propelled guns
- 49 APCs and armored cars
- 68 supersonic combat aircraft
- 332 surface-to-air missiles
- 120 anti-ship missiles

Russia

- 60 tanks and self-propelled guns
- 220 APCs and armored cars
- 50 supersonic combat aircraft
- 30 helicopters
- 380 surface-to-air missiles
- 30 anti-ship missiles

China

- 40 APCs and armored cars
- 1 guided missile boat
- 50 surface-to-air-missiles
- 110 anti-ship missiles

Major West European Suppliers

- 330 tanks and self-propelled guns
- 30 APCs and armored cars
- 2 major surface combatants
- 8 minor surface combatant
- 8 guided missile boats
- 3 submarines
- 40 helicopters
- 160 anti-ship missiles

All Other European Suppliers

- 290 tanks and self-propelled guns
- 340 APCs and armored cars
- 1 major surface combatant
- 7 minor surface combatants
- 40 supersonic combat aircraft
- 280 surface-to-air missiles

All Other Suppliers

- 8 minor surface combatants
- 60 surface-to-surface missiles
- 10 anti-ship missiles

Large numbers of major combat systems were delivered to the Near East region from 1999-2002, specifically, tanks and self-propelled guns, armored vehicles, minor surface combatants, supersonic combat aircraft, helicopters, air defense and anti-ship missiles. The United States made significant deliveries of supersonic combat aircraft and anti-ship missiles to the region. Russia, the United States, and European suppliers in general were the principal suppliers of tanks and self-propelled guns, and APCs and armored cars. Three of these weapons categories supersonic combat aircraft, helicopters, and tanks and self-propelled guns are especially costly and are an important portion of the dollar values of arms deliveries by the United States, Russia, and European suppliers to the Near East region during the 1999-2002 period.

The cost of naval combatants is also generally high, and suppliers of such systems during this period had their delivery value totals notably increased due to these transfers. Some of the less expensive weapons systems delivered to the Near East are deadly and can create important security threats within the region. In particular, from 1999-2002, China delivered to the Near East region 110 anti-ship missiles, the major West European suppliers delivered 160, while the United States delivered 120. China also delivered one guided missile boat to the Near East, while the major West European suppliers collectively delivered 8 guided missile boats and two minor surface combatants. Other non-European suppliers delivered 60 surface-to-surface missiles, a weapons category not delivered by any of the other major weapons suppliers during this period.

United States Commercial Arms Exports

The United States commercial deliveries data set out below in this report are included in the main data tables for deliveries worldwide and for deliveries to developing nations collectively. They are presented separately here to provide an indicator of their overall magnitude in the U.S. aggregate deliveries totals to the world and to all developing nations. The United States is the only major arms supplier that has two distinct systems for the export of weapons: the government-to-government foreign military sales (FMS) system, and the licensed commercial export system. It should be noted that data maintained on U.S. commercial sales agreements and deliveries are incomplete, and are not collected or revised on an on-going basis, making them significantly less precise than those for the U.S. FMS program which accounts for the overwhelming portion of U.S. conventional arms transfer agreements and deliveries involving weapons systems. There are no official compilations of commercial agreement data comparable to that for the FMS program maintained on an annual basis. Once an exporter receives from the State Department a commercial license authorization to sell valid for four years there is no current requirement that the exporter provide to the State Department, on a systematic and on-going basis, comprehensive details regarding any sales contract that results from the license approval, including if any such contract is reduced in scope or cancelled. Nor is the exporter required to report that no contract with the prospective buyer resulted. Annual commercial deliveries data are obtained from shipper's export documents and completed licenses returned from ports of exit by the U.S. Customs Service to the Office of Defense Trade Controls (PM/DTC) of the State Department, which makes the final compilation of such data. This process for obtaining commercial deliveries data is much less systematic and much less timely than that taken by the Department of Defense for government-to-government FMS transactions. Recently, efforts have been initiated by the U.S. government to improve the timeliness and quality of U.S. commercial deliveries data. The values of U.S. commercial arms deliveries to all nations and deliveries to developing nations for fiscal years 1995-2002, in current dollars, according to the U.S. State Department, were as follows:

<u>Fiscal Year</u>	<u>Commercial Deliveries (World Wide)</u>	<u>Commercial Deliveries (to Developing Nations)</u>
1995	\$3,173,000,000	\$1,805,000,000
1996	\$1,563,000,000	\$696,000,000
1997	\$1,818,000,000	\$1,141,000,000
1998	\$2,045,000,000	\$798,000,000
1999	\$654,000,000	\$323,000,000
2000	\$478,000,000	\$233,000,000
2001	\$821,000,000	\$588,000,000
2002	\$341,000,000	\$213,000,000

Summary of Data Trends, 1995-2002

Tables 1 through 1J present data on arms transfer agreements with developing nations by major suppliers from 1995-2002. These data show the most recent trends in arms contract activity by major suppliers. Delivery data, which reflect implementation of sales decisions taken earlier, are shown in Tables 2 through 2J. To use these data regarding agreements for purposes other than assessing general trends in seller/buyer activity is to risk drawing conclusions that can be readily invalidated by future events precise values and comparisons, for example, may change due to cancellations or modifications of major arms transfer agreements. These data sets reflect the comparative order of magnitude of arms transactions by arms suppliers with recipient nations expressed in constant dollar terms, unless otherwise noted.

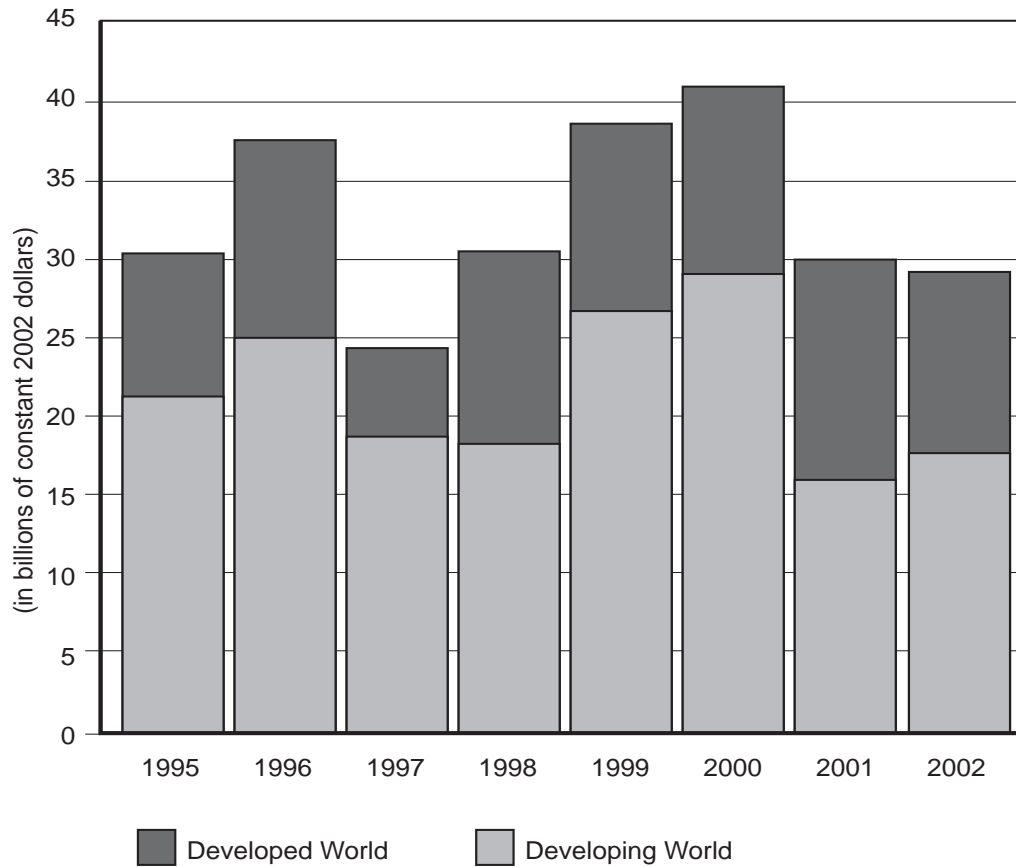
What follows is a detailed summary of data trends from the tables in the report. The summary statements also reference tables and/or charts pertinent to the point(s) noted.

Total Developing Nations Arms Transfer Agreement Values

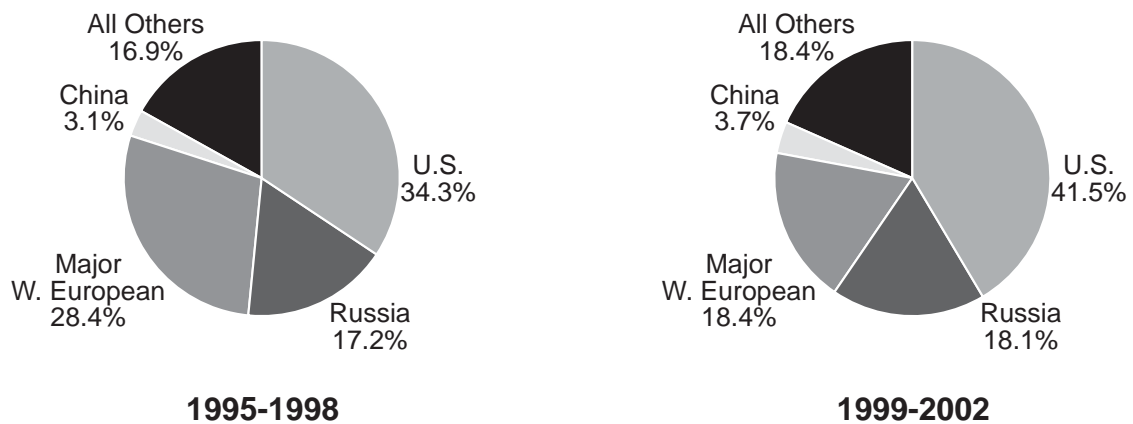
Table 1 shows the annual current dollar values of arms transfer agreements with developing nations. Since these figures do not allow for the effects of inflation, they are, by themselves, of somewhat limited use. They provide, however, the data from which Table 1A (constant dollars) and Table 1B (supplier percentages) are derived. Some of the more noteworthy facts reflected by these data are summarized below:

- The value of all arms transfer agreements with developing nations in 2002 was \$17.7 billion. This was an increase over 2001, but still the second lowest total, in real terms, for arms transfer agreements with developing nations for the 8-year period from 1995-2002 (Tables 1 and 1A)(Chart 1).
- The total value of United States agreements with developing nations rose notably from \$6.7 billion in 2001 to \$8.6 billion in 2002. The United States' share of all developing world arms transfer agreements increased from 41 percent in 2001 to 48.6 percent in 2002 (Tables 1A and 1B)(Chart 3).
- In 2002, the total value, in real terms, of Russian arms transfer agreements with developing nations declined slightly from the previous year, falling from \$5.4 billion in 2001 to \$5 billion in 2002. The Russian share of all such agreements declined from 33.3 percent in 2001 to 28.3 percent in 2002 (Charts 3 and 4)(Tables 1A and 1B).
- The four major West European suppliers, as a group (France, United Kingdom, Germany, Italy), registered a significant increase in their collective share of all arms transfer agreements with developing nations between 2001 and 2002. This group's share rose from 5.1 percent in 2001 to 11.9 percent in 2002. The collective value of this group's arms transfer agreements with developing nations in 2001 was \$800 million compared with a total of \$2.1 billion in 2002 (Tables 1A and 1B)(Charts 3 and 4).
- France registered an increase in its share of all arms transfer agreements with developing nations, rising from 3.2 percent in 2001 to 5.7 percent in 2002. The value of its agreements with developing nations rose from \$500 million in 2001 to \$1 billion in 2002 (Tables 1A and 1B).
- In 2002, the United States ranked first in arms transfer agreements with developing nations at \$8.6 billion. Russia ranked second at \$5 billion, while France ranked third at \$1 billion (Charts 3 and 4)(Tables 1A, 1B and 1G).

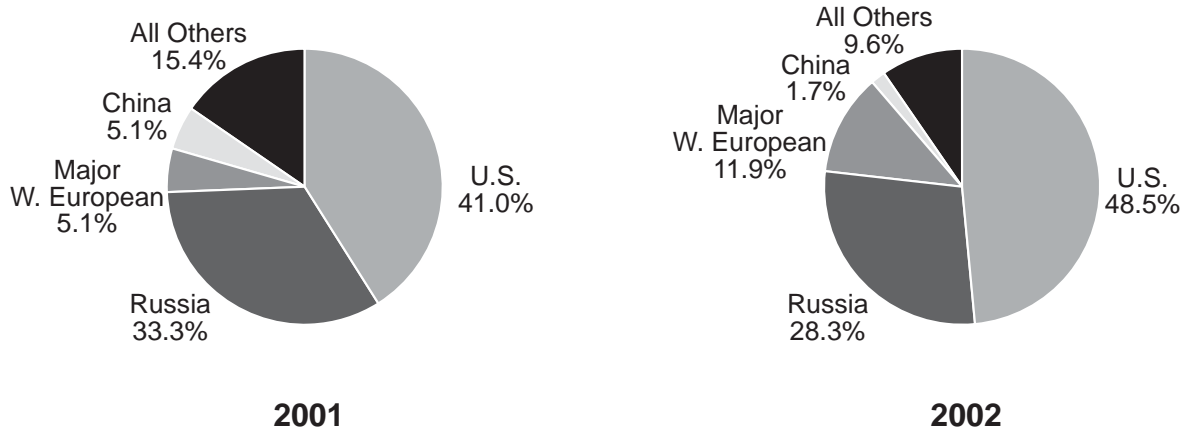
**Chart 1 Arms Transfer Agreements Worldwide, 1995-2002
Developed and Developing Worlds Compared**



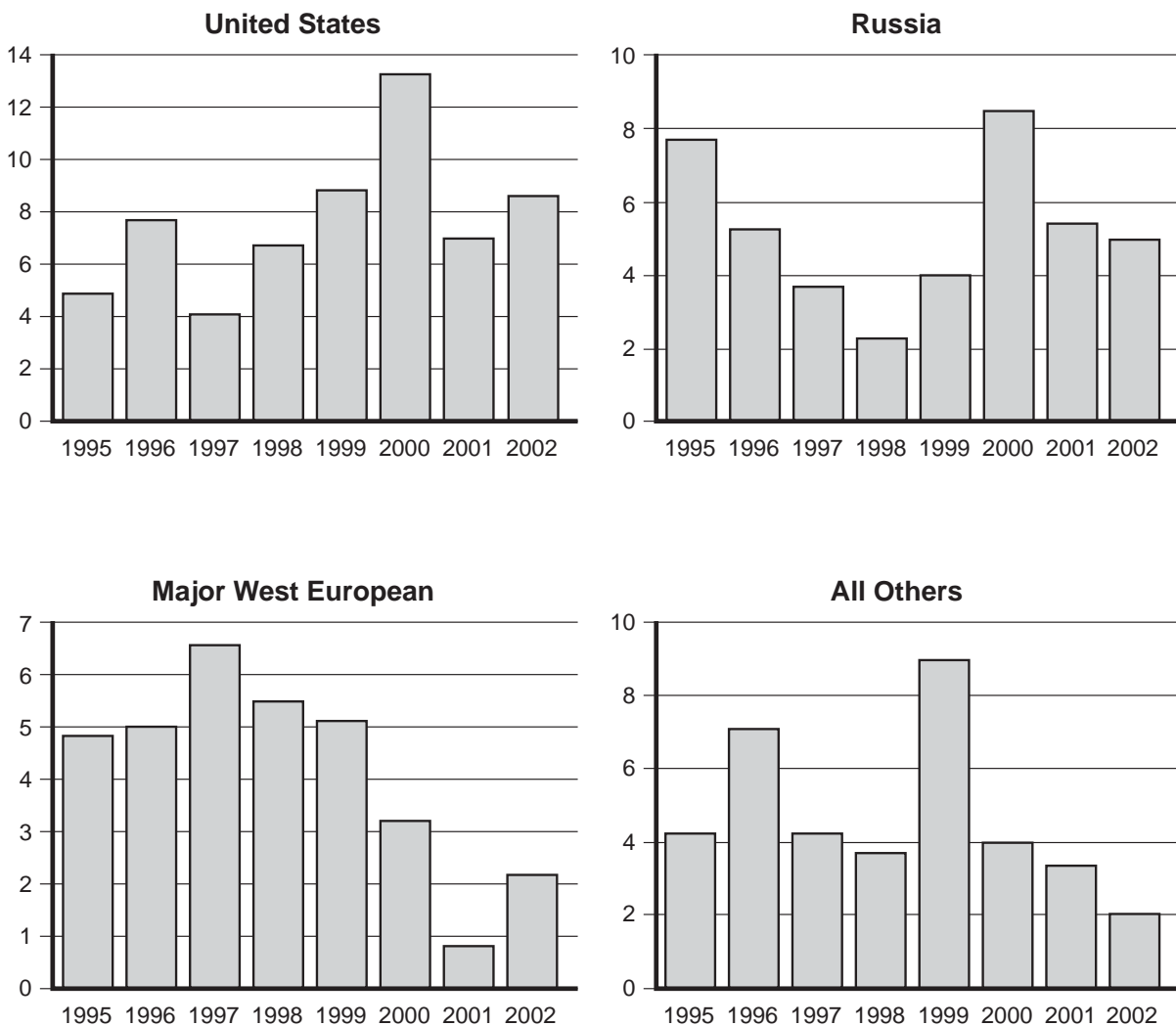
**Chart 2 Arms Transfer Agreements Worldwide
(supplier percentage of value)**



**Chart 3 Arms Transfer Agreements with Developing Nations
(supplier percentage of value)**



**Chart 4 Arms Transfer Agreements with Developing Nations by Major Supplier, 1995-2002
(billions of constant 2002 dollars)**



**Figure 1 Worldwide Arms Transfer Agreements, 1995-2002 and
Suppliers' Share with Developing World
(in millions of constant 2002 U.S. dollars)**

Supplier	Worldwide Agreements Value 1995-1998	Percentage of Total with Developing World
United States	42,339	55.40
Russia	21,289	89.90
France	15,196	79.20
United Kingdom	10,198	61.00
China	3,835	94.10
Germany	7,075	30.70
Italy	2,591	59.90
All Other European	11,640	77.80
All Others	<u>9,198</u>	<u>71.70</u>
Total	123,361	68.00

Supplier	Worldwide Agreements Value 1995-1998	Percentage of Total with Developing World
United States	57,986	65.10
Russia	25,287	91.00
France	11,164	42.90
United Kingdom	3,415	56.10
China	5,103	86.90
Germany	8,076	43.30
Italy	3,001	35.10
All Other European	18,088	45.80
All Others	<u>7,646</u>	<u>72.70</u>
Total	139,779	64.60

Supplier	Worldwide Agreements Value 1995-1998	Percentage of Total with Developing World
United States	13,272	64.70
Russia	5,700	87.70
France	1,100	90.90
United Kingdom	800	87.50
China	300	100.00
Germany	1,100	9.90
Italy	1,500	20.00
All Other European	3,800	28.90
All Others	<u>1,600</u>	<u>37.50</u>
Total	29,172	60.60

Regional Arms Transfer Agreements, 1995-2002

Table 1C gives the values of arms transfer agreements between suppliers and individual regions of the developing world for the periods 1995-1998 and 1999-2002. These values are expressed in current U.S. dollars.¹ Table 1D, derived from Table 1C, gives the percentage distribution of each supplier's agreement values within the regions for the two time periods. Table 1E, also derived from Table 1C, illustrates what percentage share of each developing world region's total arms transfer agreements was held by specific suppliers during the years 1995-1998 and 1999-2002. Among the facts reflected in these tables are the following:

Near East

- The Near East has generally been the largest regional arms market in the developing world. Yet in 1995-1998, it accounted for 43.2 percent of the total value of all developing nations arms transfer agreements (\$30.8 billion in current dollars), placing it second to Asia. However, during 1999-2002, the region accounted for 42.2 percent of all such agreements (\$35.9 billion in current dollars), placing it first, albeit by a small margin (Tables 1C and 1D).
- The United States has dominated arms transfer agreements with the Near East during the 1995-2002 period with 60.7 percent of their total value (\$40.5 billion in current dollars). France was second during these years with 13.6 percent (\$9.1 billion in current dollars). Most recently, from 1999-2002, the United States accounted for 75.8 percent of all arms transfer agreements with the Near East region (\$27.2 billion in current dollars). Russia accounted for 6.1 percent of agreements with this region (\$2.2 billion in current dollars) during the 1999-2002 period (Chart 5)(Tables 1C and 1E).
- For the period 1995-1998, the United States concluded 66.3 percent of its developing world arms transfer agreements with the Near East. In 1999-2002, the U.S. concluded 76.3 percent of its agreements with this region (Table 1D).
- For the period 1995-1998, the four major West European suppliers collectively made 53.2 percent of their developing world arms transfer agreements with the Near East. In 1999-2002, the major West Europeans made 18.3 percent of their arms agreements with the Near East (Table 1D).
- For the period 1995-1998, France concluded 83.5 percent of its developing world arms transfer agreements with the Near East. In 1999-2002, France made 11.1 percent of its agreements with the Near East (Table 1D).
- For the period 1995-1998, the United Kingdom concluded 23.1 percent of its developing world arms transfer agreements with the Near East. In 1999-2002, the United Kingdom made 33.3 percent of its agreements with the Near East (Table 1D).
- For the period 1995-1998, China concluded 43.8 percent of its developing world arms transfer agreements with the Near East. In 1999-2002, China made 14.6 percent of its agreements with the Near East (Table 1D).
- For the period 1995-1998, Russia concluded 11.3 percent of its developing world arms transfer agreements with the Near East. In 1999-2002, Russia made 10.1 percent of its agreements with the Near East (Table 1D).
- In the earlier period (1995-1998), the United States ranked first in arms transfer agreements with the Near East with 43.2 percent. France ranked second with 27.9 percent. Russia ranked third with 5.8 percent. The major West European suppliers, as a group, made 32.5 percent of this region's agreements in 1995-1998. In the later period (1999-2002), the United States ranked first in Near East agreements with 75.8 percent. Russia ranked second with 6.1 percent.

¹ Because these regional data are composed of four-year aggregate dollar totals, they must be expressed in current dollar terms.

The major West European suppliers, as a group, made 5.3 percent of this region's agreements in 1999-2002 (Table 1E)(Chart 5).

Asia

- Asia has generally been the second largest arms market in the developing world. Yet in the 1995-1998 period, Asia ranked first, accounting for 44.4 percent of all arms transfer agreements with developing nations (\$31.6 billion in current dollars). In the more recent period, 1999-2002, it accounted for 41.5 percent of all developing nations arms transfer agreements (\$35.3 billion in current dollars), ranking second narrowly (Tables 1C and 1D).

- In the earlier period, 1995-1998, Russia ranked first in arms transfer agreements with Asia with 41.4 percent. The United States ranked second with 17.2 percent. The major West European suppliers, as a group, made 23.1 percent of this region's agreements in 1995-1998. In the later period, 1999-2002, Russia ranked first in Asian agreements with 51.1 percent, primarily due to major aircraft and naval vessel sales to India and China. The United States ranked second with 18.3 percent. The major West European suppliers, as a group, made 14.2 percent of this region's agreements in 1999-2002 (Chart 6) (Table 1E).

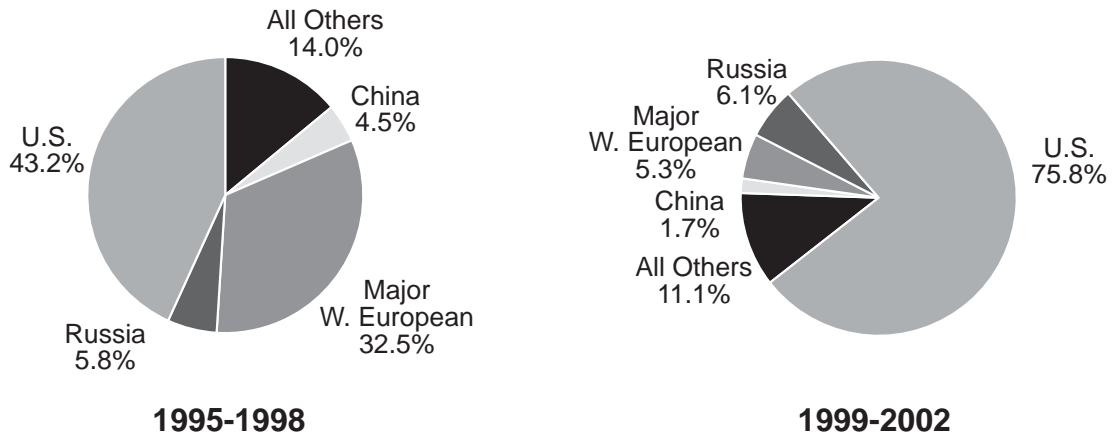
Latin America

- In the earlier period, 1995-1998, the United States ranked first in arms transfer agreements with Latin America with 21.7 percent. France ranked second with 8.7 percent. The major West European suppliers, as a group, made 19.2 percent of this region's agreements in 1995-1998. In the later period, 1999-2002, the United States ranked first with 51.1 percent. Russia and Italy tied for second with 5.4 percent each. All other non-major European suppliers as a group, and all other non-European suppliers collectively each made 16.3 percent of the region's agreements in 1999-2002. Latin America registered a significant decline in the total value of its arms transfer agreements from 1995-1998 to 1999-2002, falling from about \$5.7 billion in the earlier period to \$3.7 billion in the latter (Tables 1C and 1E).

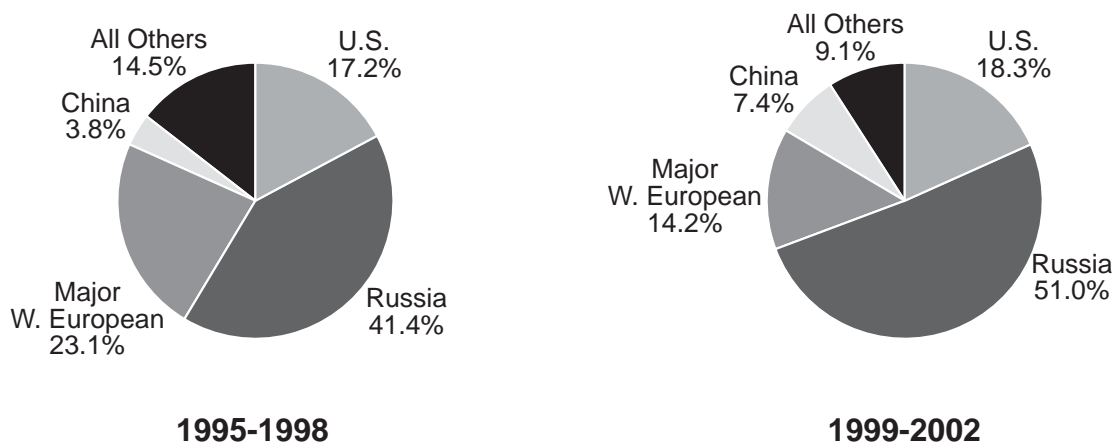
Africa

- In the earlier period, 1995-1998, Russia ranked first in agreements with Africa with 19.4 percent (\$600 million in current dollars). China ranked second with 16.2 percent. The major West European suppliers, as a group, made 13 percent of the region's agreements in 1995-1998. The United States made 2.9 percent. In the later period, 1999-2002, Germany ranked first in agreements with 15.7 percent (\$1.6 billion). Russia ranked second with 14.7 percent (\$1.5 billion). The major West European suppliers, as a group, made 31.3 percent of this region's agreements in 1999-2002. All other European suppliers collectively made 33.3 percent (\$3.8 billion). The United States made 1.1 percent. Africa registered a substantial increase in the total value of its arms transfer agreements from 1995-1998 to 1999-2002, rising from \$3.1 billion in the earlier period to \$10.2 billion in the latter (in current dollars). The notable rise in the level of arms agreements reflected, to an important degree, South Africa's new defense procurement program (Tables 1C and 1E).

**Chart 5 Arms Transfer Agreements with Near East
(supplier percentage of value)**



**Chart 6 Arms Transfer Agreements with Asia
(supplier percentage of value)**



Arms Transfer Agreements With Developing Nations, 1995-2002: Leading Suppliers Compared

Table 1F gives the values of arms transfer agreements with the developing nations from 1995-2002 by the top eleven suppliers. The table ranks these suppliers on the basis of the total current dollar values of their respective agreements with the developing world for each of three periods 1995-1998, 1999-2002 and 1995-2002.

Among the facts reflected in this table are the following:

- The United States ranked first among all suppliers to developing nations in the value of arms transfer agreements from 1999-2002 (\$35.7 billion), and first for the entire period from 1995-2002 (\$55.7 billion).
- Russia ranked second among all suppliers to developing nations in the value of arms transfer agreements from 1999-2002 (\$21.8 billion), and second from 1995-2002 (\$37.9 billion).
- France ranked third among all suppliers to developing nations in the value of arms transfer agreements from 1999-2002 (\$4.5 billion), and third from 1995-2002 (\$14.8 billion).

- The United Kingdom ranked seventh among all suppliers to developing nations in the value of arms transfer agreements from 1999-2002 (\$1.8 billion), and fifth from 1995-2002 (\$7.1 billion).

- China ranked fourth among all suppliers to developing nations in the value of arms transfer agreements from 1999-2002 (\$4.1 billion), and fourth from 1995-2002 (\$7.2 billion).

Arms Transfer Agreements with Developing Nations in 2002: Leading Suppliers Compared

Table 1G ranks and gives for 2002 the values of arms transfer agreements with developing nations of the top eleven suppliers in current U.S. dollars. Among the facts reflected in this table are the following:

- The United States and Russia, the year's top two arms suppliers ranked by the value of their arms transfer agreements collectively made agreements in 2002 valued at \$13.6 billion, 76.8 percent of all arms transfer agreements made with developing nations by all suppliers.

- In 2002, the United States ranked first in arms transfer agreements with developing nations, making \$8.6 billion in such agreements, or 48.6 percent of them.

- Russia ranked second and France third in arms transfer agreements with developing nations in 2002, making \$5 billion and \$1 billion in such agreements respectively.

- The United Kingdom ranked fourth in arms transfer agreements with developing nations in 2002, making \$700 million in such agreements, while Ukraine ranked fifth with \$500 million.

Arms Transfer Agreements With Near East 1995-2002: Suppliers and Recipients

Table 1H gives the values of arms transfer agreements with the Near East nations by suppliers or categories of suppliers for the periods 1995-1998 and 1999-2002. These values are expressed in current U.S. dollars. They are a subset of the data contained in Table 1 and Table 1C. Among the facts reflected by these tables are the following:

- For the most recent period, 1999-2002, the principal purchasers of U.S. arms in the Near East region, based on the value of agreements were: the U.A.E. (\$7.1 billion); Israel (\$7 billion), Egypt (\$6.8 billion), and Saudi Arabia (\$2.8 billion). The principal purchasers of Russian arms were: the U.A.E. (\$1 billion), Egypt (\$300 million), and Algeria (\$200 million). The principal purchasers of arms from China were Egypt (\$400 million), Iran and Yemen (\$100 million each). The principal purchasers of arms from the four major West European suppliers, as a group, were: the U.A.E. (\$500 million), Saudi Arabia, Oman, Jordan, and Iran (\$300 million each). The principal purchasers of arms from all other European suppliers collectively were Saudi Arabia (\$1 billion), the U.A.E. (\$300 million) and Iraq (\$200 million). The principal purchasers of arms from all other suppliers combined were Libya (\$600 million), and Iran (\$400 million).

- For the period from 1999-2002, the U.A.E. made \$9 billion in arms transfer agreements. The United States (\$7.1 billion), and Russia (\$1 billion) were its largest suppliers. Saudi Arabia made \$4.1 billion in arms transfer agreements. Its principal suppliers were: the United States (\$2.8 billion), and all other European suppliers collectively, excluding the four major Europeans (\$1 billion). Egypt made \$7.8 billion in arms transfer agreements. Its major supplier was the United States (\$6.8 billion). Israel made \$7 billion in arms transfer agreements. Its principal supplier was the United States (\$7 billion).

- The total value of arms transfer agreements by China with Iran fell from \$900 million to \$100 million during the periods from 1995-1998 to 1999-2002 respectively. The value of Russia's arms transfer agreements with Iran fell from \$400 million in the earlier period to \$100 million from 1999-2002.

- The value of arms transfer agreements by the United States with Saudi Arabia fell significantly from the 1995-1998 period to the 1999-2002 period, declining from \$4.9 billion in

the earlier period to \$2.8 million in the later period. Saudi Arabia still made 68.3 percent of its arms transfer agreements with the United States during 1999-2002. Meanwhile, arms transfer agreements with Saudi Arabia by the major West European suppliers also decreased significantly from 1995-1998 to 1999-2002, falling from \$1.5 billion to \$300 million.

**Arms Transfers to Developing Nations, 1995-2002:
Agreements with Leading Recipients**

Table 1I gives the values of arms transfer agreements made by the top ten recipients of arms in the developing world from 1995-2002 with all suppliers collectively. The table ranks recipients on the basis of the total current dollar values of their respective agreements with all suppliers for each of three periods 1995-1998, 1999-2002 and 1995-2002. Among the facts reflected in this table are the following:

- China has been the leading developing world purchaser of arms from 1995-2002, making agreements totaling \$17.8 billion during these years. The total value of all arms transfer agreements with developing nations from 1995-2002 was \$156.3 billion in current dollars. China alone was responsible for over 11.4 percent of all developing world arms transfer agreements during these years. In the most recent period 1999-2002 China ranked first in arms transfer agreements by developing nations (\$11.3 billion in current dollars). The U.A.E. ranked second (\$9 billion in current dollars). China accounted for about 13.3 percent of all developing world arms transfer agreements during this period (\$11.3 billion out of nearly \$85 billion in current dollars)(Tables 1, 1H, 1I and 1J).

- During 1995-1998, the top ten recipients collectively accounted for 62.8 percent of all developing world arms transfer agreements. During 1999-2002, the top ten recipients collectively accounted for 74.5 percent of all such agreements (Tables 1 and 1I).

**Arms Transfers to Developing Nations in 2002:
Agreements with Leading Recipients**

Table 1J names the top ten developing world recipients of arms transfer agreements in 2002. The table ranks these recipients on the basis of the total current dollar values of their respective agreements with all suppliers in 2002. Among the facts reflected in this table are the following:

- China ranked first among all developing nations recipients in the value of arms transfer agreements in 2002, concluding \$3.6 billion in such agreements. South Korea ranked second with \$1.9 billion. India ranked third with \$1.4 billion.

- Five of the top ten developing world recipients of arms transfer agreements in 2002 were in the Near East. Four were in Asia.

- Arms transfer agreements with the top ten developing world recipients, as a group, in 2002 totaled \$13.4 billion or 75.8 percent of all such agreements with the developing world, reflecting a continuing concentration of developing world arms purchases among a few nations (Tables 1 and 1J).

Developing Nations Arms Delivery Values

Table 2 shows the annual current dollar values of arms deliveries (items actually transferred) to developing nations by major suppliers from 1995-2002. The utility of these particular data is that they reflect transfers that have occurred. They provide the data from which Table 2A (constant dollars) and Table 2B (supplier percentages) are derived. Some of the more notable facts illustrated by these data are summarized below:

- In 2002 the value of all arms deliveries to developing nations (\$17 billion) was a notable decrease in deliveries values from the previous year, (\$18.2 billion in constant 2002 dollars) (Charts 7 and 8)(Table 2A).

- The U.S. share of all deliveries to developing nations in 2002 was 41 percent, up from 35.4 percent in 2001. In 2002, the United States, for the eighth year in a row, ranked first in the value of arms deliveries to developing nations (nearly \$7 billion) (in constant 2002 dollars),

reflecting continuing implementation of Persian Gulf War era arms transfer agreements. The second leading supplier in 2002 was the United Kingdom, at \$3.3 billion. The United Kingdom's share of all deliveries to developing nations in 2002 was 19.5 percent, down from 21.4 percent in 2001. Russia, the third leading supplier in 2002, made \$2.9 billion in deliveries. Russia's share of all arms deliveries to developing nations in 2002 was 17.1 percent, down from 21.9 percent in 2001. The share of major West European suppliers deliveries to developing nations in 2002 was 27.1 percent, essentially the same share as in 2001 (Tables 2A and 2B).

- The total value of all arms deliveries by all suppliers to developing nations from 1999-2002 (\$89.5 billion in constant 2002 dollars) was substantially lower than the value of arms deliveries by all suppliers to developing nations from 1995-1998 (\$131 billion in constant 2002 dollars)(Table 2A).

- During the years 1995-2002, arms deliveries to developing nations comprised 71 percent of all arms deliveries worldwide. In 2002, the percentage of arms deliveries to developing nations was 66.7 percent of all arms deliveries worldwide (Table 2A.)(Figure 2).

**Chart 7 Arms Deliveries Worldwide 1995-2002
Developed and Developing Worlds Compared**

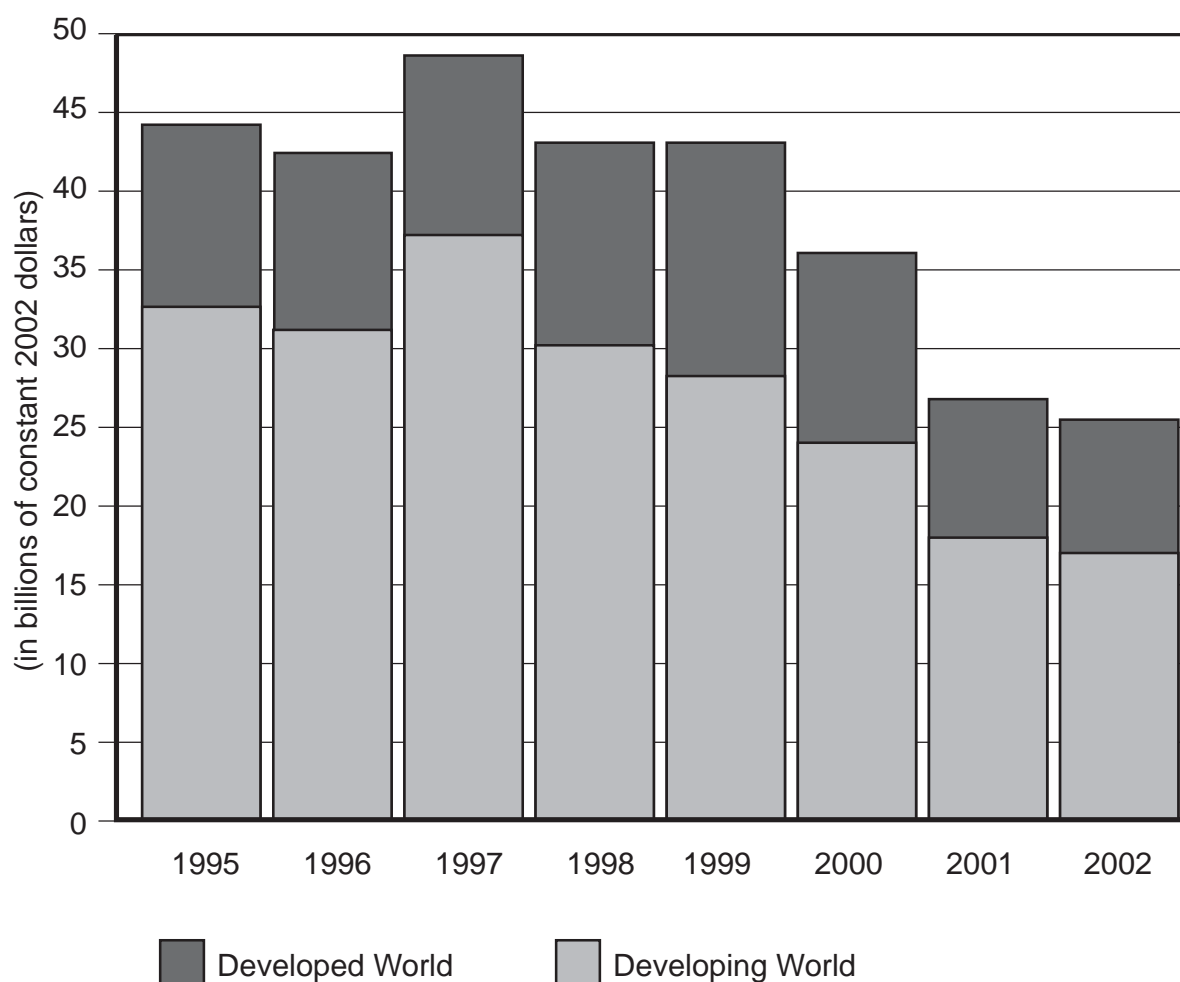
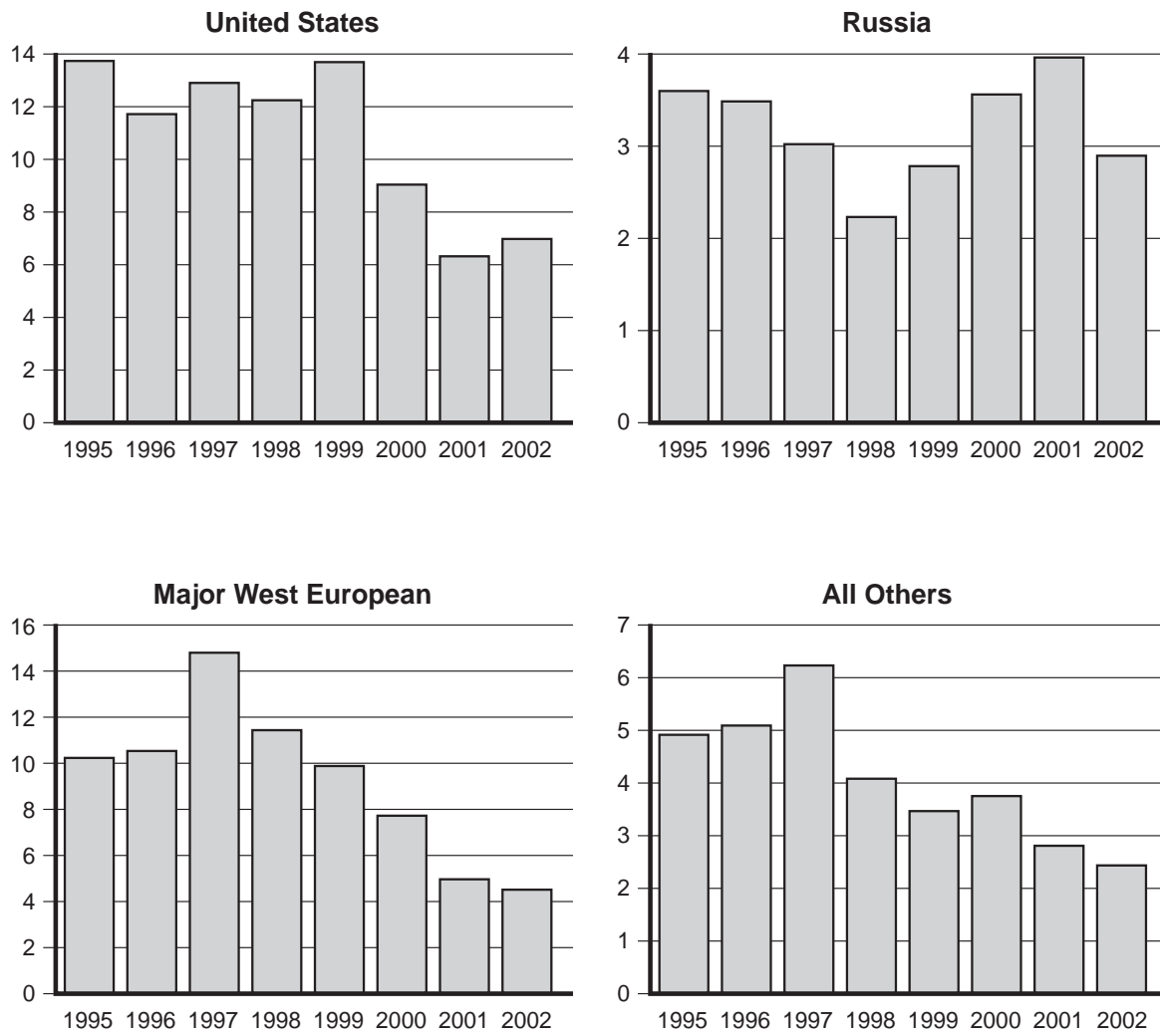


Chart 8 Arms Deliveries to Developing Countries by Major Supplier, 1994-2002
(in billions of constant 2002 dollars)



**Figure 2 Worldwide Arms Deliveries, 1995-2002 and Suppliers’
Share with Developing World
(in millions of constant 2002 U.S. dollars)**

Supplier	Worldwide Deliveries Value 1995-1998	Percentage of Total with Developing World
United States	75,176	67.70
Russia	13,899	89.70
France	24,413	86.00
United Kingdom	26,314	84.80
China	3,746	97.00
Germany	8,006	88.40
Italy	1,050	67.10
All Other European	17,108	54.30
All Others	<u>9,730</u>	<u>73.00</u>
Total	179,442	73.00

Supplier	Worldwide Deliveries Value 1999-2002	Percentage of Total with Developing World
United States	53,976	67.20
Russia	15,243	86.60
France	11,027	73.10
United Kingdom	21,953	79.40
China	2,838	88.70
Germany	4,963	26.40
Italy	1,597	34.30
All Other European	10,230	59.80
All Others	<u>9,106</u>	<u>44.10</u>
Total	130,933	68.30

Supplier	Worldwide Deliveries Value 2002	Percentage of Total with Developing World
United States	10,241	68.00
Russia	3,100	93.60
France	1,800	72.20
United Kingdom	4,700	70.20
China	800	100.00
Germany	500	0.00
Italy	400	0.00
All Other European	1,800	44.40
All Others	<u>2,100</u>	<u>42.90</u>
Total	25,441	66.70

Table 1 Arms Transfer Agreements With Developing Nations, by Supplier, 1995-2002
(in millions of current U.S. dollars)

	1995	1996	1997	1998	1999	2000	2001	2002	1995-2002
United States	4,062	6,609	3,538	5,866	8,258	2,411	6,400	8,587	45,731
Russia	6,300	4,500	3,200	2,100	3,600	8,000	5,200	5,000	37,900
France	2,500	1,100	4,300	2,400	1,100	1,900	500	1,000	14,800
United Kingdom	600	2,700	1,000	1,000	1,100	0	0	700	7,100
China	200	900	1,300	700	2,400	600	800	300	7,200
Germany	200	100	100	1,500	2,000	1,000	100	100	5,100
Italy	700	300	300	0	400	100	200	300	2,300
All Other European	1,700	3,000	1,600	1,400	4,100	1,200	1,300	1,100	15,400
All Others	<u>1,600</u>	<u>2,100</u>	<u>700</u>	<u>1,200</u>	<u>1,600</u>	<u>1,900</u>	<u>1,100</u>	<u>600</u>	<u>10,800</u>
Total	17,862	21,309	16,038	16,166	24,558	17,111	15,600	17,687	146,331
*Dollar inflation									
Index: (2002= 1.00)	0.8401	0.8572	0.8756	0.8947	0.9158	0.9376	0.9617	1	

Source: U.S. government.

Note: Developing nations category excludes the U.S., Europe, Canada, Japan, Australia and New Zealand. All data are for the calendar year given except for U. S. Military Assistance Program, IMET, and Excess Defense Article data which are included for the particular fiscal year. All amounts given include the values of all categories of weapons, spare parts, construction, all associated services, military assistance, excess defense articles, and training programs. Statistics for foreign countries are based upon estimated selling prices. All foreign data are rounded to the nearest \$100 million. The United States total in 2000 includes a \$6.432 billion licensed commercial agreement with the United Arab Emirates for 80 F-16 aircraft. *Based on Department of Defense Price Deflator.

Table 1A Arms Transfer Agreements with Developing Nations, by Supplier, 1995-2002
(in millions of constant 2002 U.S. dollars)

	1995	1996	1997	1998	1999	2000	2001	2002	1995-2002
United States	4,920	7,830	4,107	6,638	9,134	13,380	6,655	8,587	61,251
Russia	7,631	5,331	3,714	2,376	3,982	8,624	5,407	5,000	42,065
France	3,028	1,303	4,991	2,716	1,217	2,048	520	1,000	16,823
United Kingdom	727	3,199	1,161	1,132	1,217	0	0	700	8,136
China	242	1,066	1,509	792	2,655	647	832	300	8,043
Germany	242	118	116	1,697	2,212	1,078	104	100	5,667
Italy	848	355	348	0	442	108	208	300	2,609
All Other European	2,059	3,554	1,857	1,584	4,535	1,294	1,352	1,100	17,335
All Others	<u>1,938</u>	<u>2,488</u>	<u>813</u>	<u>1,358</u>	<u>1,770</u>	<u>2,048</u>	<u>1,144</u>	<u>600</u>	<u>12,159</u>
Total	21,635	25,244	18,616	18,293	27,164	29,227	16,222	17,687	174,088

Table 1B Arms Transfer Agreements with Developing Nations, by Supplier, 1995-2002
(in millions of constant 2002 U.S. dollars)

	1995	1996	1997	1998	1999	2000	2001	2002
United States	22.74%	31.02%	22.06%	36.29%	33.63%	45.78%	41.03%	48.55%
Russia	35.27%	21.12%	19.95%	12.99%	14.66%	29.51%	33.33%	28.27%
France	14.00%	5.16%	26.81%	14.85%	4.48%	7.01%	3.21%	5.65%
United Kingdom	3.36%	12.67%	6.24%	6.19%	4.48%	0.00%	0.00%	3.96%
China	1.12%	4.22%	8.11%	4.33%	9.77%	2.21%	5.13%	1.70%
Germany	1.12%	0.47%	0.62%	9.28%	8.14%	3.69%	0.64%	0.57%
Italy	3.92%	1.41%	1.87%	0.00%	1.63%	0.37%	1.28%	1.70%
All Other European	9.52%	14.08%	9.98%	8.66%	16.70%	4.43%	8.33%	6.22%
All Others	8.96%	9.85%	4.36%	7.42%	6.52%	7.01%	7.05%	3.39%
Major West European*	22.40%	19.71%	35.54%	30.32%	18.73%	11.07%	5.13%	11.88%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*Major West European category includes France, United Kingdom, Germany, Italy.

Table 1C Arms Transfer Agreements with Developing Nations, by Supplier, 1995-2002
(in millions of current U.S. dollars)

	Asia		Near East		Latin America		Africa	
	1995-1998	1999-2002	1995-1998	1999-2002	1995-1998	1999-2002	1995-1998	1999-2002
United States	5,426	6,462	13,314	27,207	1,245	1,877	89	109
Russia	13,100	18,000	1,800	2,200	400	200	600	1,500
France	1,100	3,400	8,600	500	500	0	100	600
United Kingdom	3,800	500	1,200	600	0	0	200	700
China	1,200	2,600	1,400	600	100	100	500	800
Germany	1,600	1,000	100	400	200	100	0	1,600
Italy	800	100	100	400	400	200	100	300
All Other European	1,900	1,200	3,100	2,100	1,900	600	700	3,800
All Others	2,700	2,000	1,200	1,900	1,000	600	800	800
Major West European*	7,300	5,000	10,000	1,900	1,100	300	400	3,200
TOTAL	31,626	35,262	30,814	35,907	5,745	3,677	3,089	10,209

Source: U.S. Government

Note: All foreign data are rounded to the nearest \$100 million. The United States total for Near East in 1999-2002 includes a \$6.432 billion licensed commercial agreement with the United Arab Emirates in 2000 for 80 F-16 aircraft.

*Major West European category included France, United Kingdom, Germany, Italy.

Table 1D Percentage of Each Supplier's Agreements Value by Region, 1955-2002

	Asia			Near East			Latin America			Africa			Total	
	1995-1998	1999-2002	1995-2002	1995-1998	1999-2002	1995-2002	1995-1998	1999-2002	1995-2002	1995-1998	1999-2002	1995-2002	1995-1998	1999-2002
United States	27.03%	18.12%	18.12%	66.32%	76.31%	76.31%	6.20%	5.26%	5.26%	0.44%	0.31%	0.31%	100.00%	100.00%
Russia	82.39%	82.19%	82.19%	11.32%	10.05%	10.05%	2.52%	0.91%	0.91%	3.77%	6.85%	6.85%	100.00%	100.00%
France	10.68%	75.56%	75.56%	83.50%	11.11%	11.11%	4.85%	0.00%	0.00%	0.97%	13.33%	13.33%	100.00%	100.00%
United Kingdom	73.08%	27.78%	27.78%	23.08%	33.33%	33.33%	0.00%	0.00%	0.00%	3.85%	38.89%	38.89%	100.00%	100.00%
China	37.50%	63.41%	63.41%	43.75%	14.63%	14.63%	3.13%	2.44%	2.44%	15.63%	19.51%	19.51%	100.00%	100.00%
Germany	84.21%	32.26%	32.26%	5.26%	12.90%	12.90%	10.53%	3.23%	3.23%	0.00%	51.61%	51.61%	100.00%	100.00%
Italy	57.14%	10.00%	10.00%	7.14%	40.00%	40.00%	28.57%	20.00%	20.00%	7.14%	30.00%	30.00%	100.00%	100.00%
All Other European	25.00%	15.58%	15.58%	40.79%	27.27%	27.27%	25.00%	7.79%	7.79%	9.21%	49.35%	49.35%	100.00%	100.00%
All Others	47.37%	37.74%	37.74%	21.05%	35.85%	35.85%	17.54%	11.32%	11.32%	14.04%	15.09%	15.09%	100.00%	100.00%
Major West European*	<u>38.83%</u>	<u>48.08%</u>	<u>48.08%</u>	<u>53.19%</u>	<u>18.27%</u>	<u>18.27%</u>	<u>5.85%</u>	<u>2.88%</u>	<u>2.88%</u>	<u>2.13%</u>	<u>30.77%</u>	<u>30.77%</u>	<u>100.00%</u>	<u>100.00%</u>
TOTAL	44.37%	41.46%	41.46%	43.23%	42.22%	42.22%	8.06%	4.32%	4.32%	4.33%	12.00%	12.00%	100.00%	100.00%

*Major West European category includes France, United Kingdom, Germany, Italy.

Table 1E Percentage of Total Agreements Value by Supplier to Regions, 1995-2002

	Asia			Near East			Latin America			Africa		
	1995-1998	1999-2002		1995-1998	1999-2002		1995-1998	1999-2002		1995-1998	1999-2002	
United States	17.16%	18.33%		43.21%	75.77%		21.67%	51.05%		2.88%	1.07%	
Russia	41.42%	51.05%		5.84%	6.13%		6.96%	5.44%		19.42%	14.69%	
France	3.48%	9.64%		27.91%	1.39%		8.70%	0.00%		3.24%	5.88%	
United Kingdom	12.02%	1.42%		3.89%	1.67%		0.00%	0.00%		6.47%	6.86%	
China	3.79%	7.37%		4.54%	1.67%		1.74%	2.72%		16.19%	7.84%	
Germany	5.06%	2.84%		0.32%	1.11%		3.48%	2.72%		0.00%	15.67%	
Italy	2.53%	0.28%		0.32%	1.11%		6.96%	5.44%		3.24%	2.94%	
All other European	6.01%	3.40%		10.06%	5.85%		33.07%	16.32%		22.66%	37.22%	
All others	8.54%	5.67%		3.89%	5.29%		17.41%	16.32%		25.90%	7.84%	
Major West European*	<u>23.08%</u>	<u>14.18%</u>		<u>32.45%</u>	<u>5.29%</u>		<u>19.15%</u>	<u>8.16%</u>		<u>12.95%</u>	<u>31.34%</u>	
Total	100.00%	100.00%		100.00%	100.00%		100.00%	100.00%		100.00%	100.00%	

*Major West European category includes France, United Kingdom, Germany, Italy.

**Table 1F Arms Transfer Agreements with Developing Nations 1995-2002:
Leading Suppliers Compared
(in millions of current U.S. dollars)**

Rank	Supplier	Agreements Value 1995-1998
1	United States	20,075
2	Russia	16,100
3	France	10,300
4	United Kingdom	5,300
5	China	3,100
6	Germany	1,900
7	Ukraine	1,900
8	Belarus	1,700
9	Israel	1,600
10	Italy	1,300
11	South Africa	900
Rank	Supplier	Agreements Value 1999-2002
1	United States	35,656
2	Russia	21,800
3	France	4,500
4	China	4,100
5	Germany	3,200
6	Sweden	2,000
7	United Kingdom	1,800
8	Ukraine	1,400
9	Israel	1,000
10	North Korea	1,000
11	Italy	1,000
Rank	Supplier	Agreements Value 1995-2002
1	United States*	55,731
2	Russia	37,900
3	France	14,800
4	China	7,200
5	United Kingdom	7,100
6	Germany	5,100
7	Ukraine	3,300
8	Israel	2,600
9	Sweden	2,600
10	Italy	2,300
11	Belarus	2,000

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million. Where rounded data totals are the same, the actual rank order is maintained. *The United States total includes a \$6.432 billion licensed commercial agreement with the United Arab Emirates in 2000 for 80 F-16 aircraft.

**Table 1G Arms Transfer Agreements with
Developing Nations in 2002: Leading Suppliers Compared
(in millions of current U.S. dollars)**

Rank	Supplier	Agreements Value 2002
1	United States	8,587
2	Russia	5,000
3	France	1,000
4	United Kingdom	700
5	Ukraine	500
6	Spain	300
7	China	300
8	Italy	300
9	Iran	200
10	U.A.E.	100
11	Germany	100

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million.
Where rounded data totals are the same, the actual rank order is maintained.

Table 1H Arms Transfer Agreements with Near East, by Supplier
(in millions of current U.S. dollars)

Recipient Country	U.S.	Russia	China	Major West European*	All Other European	All Others	Total
1995-1998							
Algeria	0	400	200	0	800	100	1,500
Bahrain	500	0	0	0	0	0	500
Egypt	4,300	400	100	100	100	0	5,000
Iran	0	400	900	100	300	100	1,700
Iraq	0	0	0	0	0	0	0
Israel	2,600	0	0	100	0	300	3,000
Jordan	200	0	0	0	0	100	300
Kuwait	400	0	200	700	100	0	1,400
Lebanon	100	0	0	100	0	0	200
Libya	0	0	0	0	100	100	200
Morocco	0	0	0	200	200	200	600
Oman	0	0	0	300	100	100	500
Qatar	0	0	0	900	0	0	900
Saudi Arabia	4,900	0	0	1,500	200	0	6,600
Syria	0	200	0	0	100	200	500
Tunisia	0	0	0	0	0	0	0
U.A.E.	100	400	0	6,000	800	0	7,300
Yemen	0	0	0	200	300	100	600
1999-2002							
Algeria	0	200	0	0	0	100	300
Bahrain	500	0	0	0	0	0	500
Egypt	6,800	300	400	100	100	100	7,800
Iran	0	100	100	300	100	400	1,000
Iraq	0	0	0	0	200	0	200
Israel	7,000	0	0	0	0	0	7,000
Jordan	400	0	0	300	0	100	800
Kuwait	1,600	100	0	0	0	200	1,900
Lebanon	0	0	0	0	0	0	0
Libya	0	100	0	0	100	600	800
Morocco	0	0	0	0	0	100	100
Oman	800	0	0	300	100	100	1,300
Qatar	0	0	0	0	0	0	0
Saudi Arabia	2,800	0	0	300	1,000	0	4,100
Syria	0	100	0	100	0	100	300
Tunisia	0	0	0	0	0	0	0
U.A.E.**	7,100	1,000	0	500	300	100	9,000
Yemen	0	300	100	0	100	0	500

Source: U.S. Government

Note: 0 = data less than \$50 million or nil. All data are rounded to nearest \$100 million.

* Major West European includes France, United Kingdom, Germany, and Italy totals as an aggregate figure.

** The United States total for 1999-2002 includes a \$6.432 billion licensed commercial agreement with the United Arab Emirates in 2000 for 80 F-16 aircraft.

Table 1I Arms Transfer Agreements of Developing Nations, 1995-2002:
Agreements by the Leading Recipients
(in millions of current U.S. dollars)

Rank	Recipient	Agreements Value 1995-1998
1	U.A.E.	7,300
2	Saudi Arabia	6,600
3	China	6,500
4	India	6,100
5	Egypt	5,100
6	South Korea	3,700
7	Israel	3,000
8	Indonesia	2,400
9	Malaysia	2,300
10	Pakistan	1,800
Rank	Recipient	Agreements Value 1999-2002
1	China	11,300
2	U.A.E.*	9,000
3	India	8,000
4	Egypt	7,800
5	Israel	7,000
6	South Africa	5,100
7	South Korea	5,000
8	Saudi Arabia	4,100
9	Singapore	3,100
10	Pakistan	2,900
Rank	Recipient	Agreements Value 1995-2002
1	China	17,800
2	U.A.E.*	16,300
3	India	14,100
4	Egypt	12,900
5	Saudi Arabia	10,700
6	Israel	10,000
7	South Korea	8,700
8	South Africa	5,200
9	Malaysia	4,900
10	Pakistan	4,700

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million. Where rounded data totals are the same, the actual rank order is maintained.

*The U.A.E. total includes a \$6.432 billion licensed commercial agreement with the United States in 2000 for 80 F-16 aircraft.

**Table 1J Arms Transfer Agreements of Developing Nations in 2002:
Agreements by Leading Recipients
(in millions of current U.S. dollars)**

Rank	Supplier	Agreements Value 2002
1	China	3,600
2	South Korea	1,900
3	India	1,400
4	Oman	1,300
5	Egypt	1,200
6	Kuwait	1,100
7	Saudi Arabia	900
8	Malaysia	800
9	Israel	700
10	Chile	500

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million.

Where rounded data totals are the same, the actual rank order is maintained.

Table 2 Arms Deliveries to Developing Nations, by Supplier, 1995-2002
(in millions of current U.S. dollars)

	1995	1996	1997	1998	1999	2000	2001	2002	Total 1995-2002
United States	11,419	9,918	11,210	10,846	12,482	8,418	6,129	6,961	77,383
Russia	3,000	2,600	2,200	2,000	2,500	3,300	3,800	2,900	22,300
France	2,300	3,200	6,100	6,500	3,500	1,900	800	1,300	25,600
United Kingdom	4,900	5,800	5,900	3,300	4,400	5,000	3,700	3,300	36,300
China	700	700	1,100	600	300	700	600	800	5,500
Germany	1,200	700	400	200	700	400	100	0	3,700
Italy	100	100	400	200	400	0	100	0	1,300
All Other European	2,300	2,300	3,100	2,100	2,100	1,900	900	800	15,500
All Others	1,100	1,300	1,200	900	800	900	1,200	900	8,300
Total	27,019	26,618	31,610	26,646	27,182	22,518	17,329	16,961	195,883

Dollar inflation index:
(2002=1.00)*

0.8401 0.8572 0.8756 0.8947 0.9158 0.9376 0.9617 1

Source: U.S. Government.

Note: Developing nations category excludes the United States, Russia, Europe, Canada, Japan, Australia, and New Zealand. All data are for the calendar year given, except for U.S. Military Assistance Program, International Military Education and Training, excess defense articles, and commercially licensed deliveries, which are included for the particular fiscal year. All amounts given include the values of all categories of weapons and ammunition, military spare parts, military construction, military assistance and training programs, and all associated services. Statistics for foreign countries are based upon estimated selling prices. All foreign data are rounded to the nearest \$100 million.

*Based on Department of Defense Price Deflator.

Table 2A Arms Deliveries to Developing Nations, by Supplier, 1995-2002
(in millions of constant 2002 U.S. dollars)

	1995	1996	1997	1998	1999	2000	2001	2002	Total 1995-2002
United States	13,831	11,750	13,012	12,273	13,806	9,075	6,423	6,961	87,132
Russia	3,634	3,554	3,018	2,263	2,765	3,558	3,982	2,900	25,674
France	2,786	3,791	7,081	7,355	3,871	2,048	838	1,300	29,071
United Kingdom	5,935	5,805	6,849	3,734	4,867	5,390	3,878	3,300	39,757
China	848	829	1,277	679	332	755	629	800	6,148
Germany	1,453	829	464	226	774	431	105	0	4,284
Italy	121	118	464	226	442	0	105	0	1,477
All Other European	2,786	2,725	3,598	2,376	2,323	2,048	943	800	17,600
All Others	1,332	1,540	1,393	1,018	885	970	1,258	900	9,297
Total	32,726	30,941	37,156	30,150	30,065	24,275	18,161	16,961	220,440

Table 2B Arms Deliveries to Developing Nations, by Supplier, 1995-2002
(Expressed as a Percent of Total, by Year)

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
United States	42.26%	37.26%	35.46%	40.70%	45.92%	37.38%	35.37%	41.04%
Russia	11.10%	9.77%	6.96%	7.51%	9.20%	14.65%	21.93%	17.10%
France	8.51%	12.02%	19.30%	24.39%	12.88%	8.44%	4.62%	7.66%
United Kingdom	18.14%	21.79%	18.66%	12.38%	16.19%	22.20%	21.35%	19.46%
China	2.59%	2.63%	3.48%	2.25%	1.10%	3.11%	3.46%	4.72%
Germany	4.44%	2.63%	1.27%	0.75%	2.58%	1.78%	0.58%	0.00%
Italy	0.37%	0.38%	1.27%	0.75%	1.47%	0.00%	0.58%	0.00%
All Other European	8.51%	8.64%	9.81%	7.88%	7.73%	8.44%	5.19%	4.72%
All Others	4.07%	4.88%	3.80%	3.38%	2.94%	4.00%	6.92%	5.31%
Major West European*	<u>31.46%</u>	<u>36.82%</u>	<u>40.50%</u>	<u>38.27%</u>	<u>33.12%</u>	<u>32.42%</u>	<u>27.13%</u>	<u>27.12%</u>
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*Major West European category includes France, United Kingdom, Germany, Italy.

Table 2C Arms Transfer Agreements with Developing Nations, by Supplier, 1995-2002
(in millions of current U.S. dollars)

	Asia		Near East		Latin America		Africa	
	1995-1998	1999-2002	1995-1998	1999-2002	1995-1998	1999-2002	1995-1998	1999-2002
United States	11,833	12,213	27,102	19,875	2,049	1,566	140	85
Russia	6,100	9,500	2,900	1,800	400	100	500	200
France	9,000	1,500	8,800	5,900	300	100	100	0
United Kingdom	2,000	2,600	17,300	13,700	400	0	100	0
China	1,600	1,300	900	700	100	0	400	100
Germany	2,100	200	100	1,000	300	100	0	0
Italy	600	400	100	100	0	0	100	0
All Other European	2,000	1,000	5,800	2,600	1,200	500	600	200
All Others	2,000	1,900	1,200	1,100	800	200	800	200
Major West European*	<u>13,700</u>	<u>4,700</u>	<u>26,300</u>	<u>20,700</u>	<u>1,000</u>	<u>200</u>	<u>300</u>	<u>0</u>
Total	37,233	30,613	64,202	46,775	5,549	2,566	2,740	785

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million.

*Major West European category includes France, United Kingdom, Germany, Italy.

Table 2D Percentage of Each Supplier's Agreements Value by Region, 1955-2002

	Asia			Near East			Latin America			Africa			Total	
	1995-1998	1999-2002	1995-2002	1995-1998	1999-2002	1995-2002	1995-1998	1999-2002	1995-2002	1995-1998	1999-2002	1995-2002	1995-1998	1999-2002
United States	28.77%	36.20%		65.90%	58.91%		4.98%	4.64%		0.34%	0.25%		100.00%	100.00%
Russia	61.62%	81.90%		29.29%	15.52%		4.04%	0.86%		5.05%	1.72%		100.00%	100.00%
France	49.45%	20.00%		48.35%	78.67%		1.65%	1.33%		0.55%	0.00%		100.00%	100.00%
United Kingdom	10.10%	15.95%		87.37%	84.05%		2.02%	0.00%		0.51%	0.00%		100.00%	100.00%
China	53.33%	61.90%		30.00%	33.33%		3.33%	0.00%		13.33%	4.76%		100.00%	100.00%
Germany	84.00%	15.38%		4.00%	76.92%		12.00%	7.69%		0.00%	0.00%		100.00%	100.00%
Italy	75.00%	80.00%		12.50%	20.00%		0.00%	0.00%		12.50%	0.00%		100.00%	100.00%
All Other European	20.83%	23.26%		60.42%	60.47%		12.50%	11.63%		6.25%	4.65%		100.00%	100.00%
All Others	41.67%	55.88%		25.00%	32.35%		16.67%	5.88%		16.67%	5.88%		100.00%	100.00%
Major West European*	33.17%	18.36%		63.68%	80.86%		2.42%	0.78%		0.73%	0.00%		100.00%	100.00%
Total	33.93%	37.92%		58.51%	57.93%		5.06%	3.18%		2.50%	0.97%		100.00%	100.00%

*Major West European category includes France, United Kingdom, Germany, Italy.

Table 2E Percentage of Total Agreements Value by Supplier to Regions, 1995-2002

	Asia		Near East		Latin America		Africa	
	1995-1998	1999-2002	1995-1998	1999-2002	1995-1998	1999-2002	1995-1998	1999-2002
United States	31.78%	39.89%	42.21%	42.49%	36.93%	61.03%	5.11%	10.83%
Russia	16.38%	31.03%	4.52%	3.85%	7.21%	3.90%	18.25%	25.48%
France	24.17%	4.90%	13.71%	12.61%	5.41%	3.90%	3.65%	0.00%
United Kingdom	5.37%	8.49%	26.95%	29.29%	7.21%	0.00%	3.65%	0.00%
China	4.30%	4.25%	1.40%	1.50%	1.80%	0.00%	14.60%	12.74%
Germany	5.64%	0.65%	0.16%	2.14%	5.41%	3.90%	0.00%	0.00%
Italy	1.61%	1.31%	0.16%	0.21%	0.00%	0.00%	3.65%	0.00%
All Other European	5.37%	3.27%	9.03%	5.56%	21.63%	19.49%	21.90%	25.48%
All Others	5.37%	6.21%	1.87%	2.35%	14.42%	7.79%	29.20%	25.48%
Major West European*	<u>36.80%</u>	<u>15.35%</u>	<u>40.96%</u>	<u>44.25%</u>	<u>18.02%</u>	<u>7.79%</u>	<u>10.95%</u>	<u>0.00%</u>
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00

*Major West European category includes France, United Kingdom, Germany, and Italy.

**Table 2F Arms Deliveries to Developing Nations, 1995-2002:
Leading Suppliers Compared
(in millions of current U.S. dollars)**

Rank	Supplier	Agreements Value 1995-1998
1	Saudi Arabia	37,900
2	Taiwan	14,200
3	U.A.E.	5,100
4	Kuwait	4,900
5	Egypt	4,800
6	South Korea	4,300
7	China	3,200
8	Israel	2,800
9	Iran	2,100
10	Indonesia	2,100
Rank	Supplier	Agreements Value 1999-2002
1	United States	33,990
2	China	6,100
3	Taiwan	6,000
4	Egypt	4,700
5	South Korea	4,500
6	Israel	4,200
7	U.A.E.	3,600
8	India	2,700
9	Kuwait	2,400
10	Pakistan	2,200
Rank	Supplier	Agreements Value 1995-2002
1	Saudi Arabia	64,500
2	Taiwan	20,200
3	Egypt	9,500
4	China	9,300
5	South Korea	8,800
6	U.A.E.	8,700
7	Kuwait	7,300
8	Israel	7,000
9	India	4,700
10	Pakistan	3,800
11	Italy	1,300

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million. Where rounded data totals are the same, the actual rank order is maintained.

**Table 2G Arms Deliveries to Developing Nations in 2002:
Leading Suppliers Compared
(in millions of current U.S. dollars)**

Rank	Supplier	Agreements Value 2002
1	United States	6,961
2	United Kingdom	3,300
3	Russia	2,900
4	France	1,300
5	China	800
6	Ukraine	300
7	Brazil	200
8	Israel	200
9	Spain	100
10	North Korea	100

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million.
Where rounded data totals are the same, the actual rank order is maintained.

Table 2H Arms Deliveries to Near East, by Supplier
(in millions of current U.S. dollars)

Recipient Country	U.S.	Russia	China	Major West European*	All Other European	All Others	Total
1995-1998							
Algeria	0	300	0	400	200	0	900
Bahrain	300	0	0	0	0	0	300
Egypt	4,000	500	0	200	200	0	4,900
Iran	0	800	800	100	400	0	2,100
Iraq	0	0	0	0	0	0	0
Israel	2,500	0	0	100	0	300	2,900
Jordan	200	0	0	0	0	100	300
Kuwait	2,700	800	0	1,300	100	0	4,900
Lebanon	100	0	0	0	0	0	100
Libya	0	0	0	0	0	100	100
Morocco	100	0	0	200	100	100	500
Oman	0	0	0	700	100	200	1,000
Qatar	0	0	0	1,700	0	0	1,700
Saudi Arabia	16,200	0	0	18,400	3,400	0	38,000
Syria	100	0	0	0	100	200	400
Tunisia	100	0	0	0	100	0	200
U.A.E.	600	400	0	3,500	600	0	5,100
Yemen	0	0	100	100	300	0	500
1999-2002							
Algeria	0	400	200	0	300	100	1,000
Bahrain	600	0	0	0	0	0	600
Egypt	4,300	200	100	0	0	100	4,700
Iran	0	400	0	0	0	300	700
Iraq	0	0	0	0	100	0	100
Israel	3,400	0	0	900	0	0	4,300
Jordan	300	0	0	100	0	100	500
Kuwait	1,400	100	200	600	0	100	2,400
Lebanon	0	0	0	0	0	0	0
Libya	0	100	0	0	100	100	300
Morocco	0	0	0	100	200	0	300
Oman	0	0	0	0	0	100	100
Qatar	0	0	0	200	0	0	200
Saudi Arabia	9,500	0	0	15,800	1,300	0	26,600
Syria	0	200	0	100	100	0	400
Tunisia	0	0	0	0	0	0	0
U.A.E.	300	100	0	2,700	400	100	3,600
Yemen	0	300	200	100	100	100	800

Source: U.S. Government.

Note: 0=data less than \$50 million or nil. All data are rounded to nearest \$100 million.

*Major West European includes France, United Kingdom, Germany, and Italy totals as an aggregate figure.

**Table 2I Arms Deliveries to Developing Nations, 1995-2002:
The Leading Recipients
(in millions of current U.S. dollars)**

Rank	Recipient	Agreements Value 1995-1998
1	Saudi Arabia	37,900
2	Taiwan	14,200
3	U.A.E.	5,100
4	Kuwait	4,900
5	Egypt	4,800
6	South Korea	4,300
7	China	3,200
8	Israel	2,800
9	Iran	2,100
10	Indonesia	2,100
Rank	Recipient	Agreements Value 1999-2002
1	Saudi Arabia	26,600
2	China	6,100
3	Taiwan	6,000
4	Egypt	4,700
5	South Korea	4,500
6	Israel	4,200
7	U.A.E.	3,600
8	India	2,700
9	Kuwait	2,400
10	Pakistan	2,200
Rank	Recipient	Agreements Value 1995-2002
1	Saudi Arabia	64,500
2	Taiwan	20,200
3	Egypt	9,500
4	China	9,300
5	South Korea	8,800
6	U.A.E.	8,700
7	Kuwait	7,300
8	Israel	7,000
9	India	4,700
10	Pakistan	3,800

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million. Where rounded data totals are the same, the actual rank order is maintained.

**Table 2J Arms Deliveries to Developing Nations in 2002:
The Leading Recipients
(in millions of current U.S. dollars)**

Rank	Recipient	Deliveries Value 2002
1	Saudi Arabia	5,200
2	Egypt	2,100
3	Kuwait	1,300
4	China	1,200
5	Taiwan	1,100
6	U.A.E.	900
7	India	900
8	Israel	700
9	South Korea	600
10	Pakistan	600

Source: U.S. Government.

Note: All foreign data are rounded to the nearest \$100 million.
Where rounded data totals are the same, the actual rank order is maintained.

Regional Arms Delivery Values, 1995-2002

Table 2C gives the values of arms deliveries by suppliers to individual regions of the developing world for the periods 1995-1998 and 1999-2002. These values are expressed in current U.S. dollars.² Table 2D, derived from Table 2C, gives the percentage distribution of each supplier's deliveries values within the regions for the two time periods. Table 2E, also derived from Table 2C, illustrates what percentage share of each developing world region's total arms delivery values was held by specific suppliers during the years 1995-1998 and 1999-2002. Among the facts reflected in these tables are the following:

Near East

- The Near East has generally led in the value of arms deliveries received by the developing world. In 1995-1998, it accounted for 58.5 percent of the total value of all developing nations deliveries (\$64.2 billion in current dollars). During 1999-2002 the region accounted for 57.9 percent of all such deliveries (\$46.8 billion in current dollars) (Tables 2C and 2D).
- For the period 1995-1998, the United States made 65.9 percent of its developing world arms deliveries to the Near East region. In 1999-2002, the United States made 58.9 percent of its developing world arms deliveries to the Near East region (Table 2D).
- For the period 1995-1998, the United Kingdom made 87.4 percent of its developing world arms deliveries to the Near East region. In 1999-2002, the United Kingdom made 84.1 percent of its developing world arms deliveries to the Near East region (Table 2D).

² Because these regional data are composed of four-year aggregate dollar totals, they must be expressed in current dollar terms.

- For the period 1995-1998, 48.4 percent of France's arms deliveries to the developing world were to the Near East region. In the more recent period, 1999-2002, 78.7 percent of France's developing world deliveries were to nations of the Near East region (Table 2D).

- For the period 1995-1998, Russia made 29.3 percent of its developing world arms deliveries to the Near East region. In 1999-2002, Russia made 15.5 percent of such deliveries to the Near East (Table 2D).

- In the earlier period, 1995-1998, the United States ranked first in the value of arms deliveries to the Near East with 42.2 percent (nearly \$27.1 billion in current dollars). The United Kingdom ranked second with 27 percent (\$17.3 billion in current dollars). France ranked third with 13.7 percent (\$8.8 billion in current dollars). The major West European suppliers, as a group, held 41 percent of this region's delivery values in 1995-1998. In the later period (1999-2002), the United States ranked first in Near East delivery values with 42.5 percent (\$19.9 billion in current dollars). The United Kingdom ranked second with 29.3 percent (\$13.3 billion in current dollars). France ranked third with 12.6 percent (\$5.9 billion in current dollars). The major West European suppliers, as a group, held 44.3 percent of this region's delivery values in 1999-2002 (Tables 2C and 2E).

Asia

- The Asia region has generally ranked second in the value of arms deliveries from most suppliers in both time periods. In the earlier period, 1995-1998, 33.9 percent of all arms deliveries to developing nations were to those in Asia (\$37.2 billion in current dollars). In the later period, 1999-2002, Asia accounted for 37.9 percent of such arms deliveries (\$30.6 billion in current dollars). For the period 1999-2002, Russia made 81.9 percent of its developing world arms deliveries to Asia. Italy made 80 percent of its developing world deliveries to Asia. China made 61.9 percent of its developing world deliveries to Asia, while the United States made 36.2 percent (Tables 2C and 2D).

- In the period from 1995-1998, the United States ranked first in the value of arms deliveries to Asia with 31.8 percent (\$11.8 billion in current dollars). France ranked second with 24.2 percent (\$9 billion in current dollars). Russia ranked third with 16.4 percent (\$6.1 billion in current dollars). The major West European suppliers, as a group, held 36.8 percent of this region's delivery values in 1995-1998. In the period from 1999-2002, the United States ranked first in Asian delivery values with 39.9 percent (\$12.2 billion in current dollars). Russia ranked second with 31 percent (\$9.5 billion in current dollars) (Tables 2C and 2E).

- The United Kingdom ranked third in deliveries with 8.5 percent (\$2.6 billion in current dollars). The major West European suppliers, as a group, held 15.4 percent of this region's delivery values in 1999-2002 (Tables 2C and 2E).

Latin America

- In the earlier period, 1995-1998, the value of all arms deliveries to Latin America was \$5.6 billion. The United States ranked first in the value of arms deliveries to Latin America with 36.9 percent (\$2 billion in current dollars). The United Kingdom and Russia tied for second with 7.2 percent (\$400 million each in current dollars). The major West European suppliers, as a group, held 18 percent of this region's delivery values in 1995-1998. In the later period, 1999-2002, the United States ranked first in Latin American delivery values with 61 percent (\$1.6 billion in current dollars). Russia, France and Germany tied for second with 3.9 percent each. The major West European suppliers, as a group, held 7.8 percent of this region's delivery values in 1999-2002. During 1999-2002, the value of all arms deliveries to Latin America was \$2.6 billion, a substantial decline from the \$5.6 billion deliveries total for 1995-1998 (Tables 2C and 2E).

Africa

- In the earlier period, 1995-1998, the value of all arms deliveries to Africa was over \$2.7 billion. Russia ranked first in the value of arms deliveries to Africa with 18.3 percent (\$500 million in current dollars). China ranked second with 14.6 percent (\$400 million in current

dollars). The major West European suppliers, as a group, held 11 percent of this region's delivery values in 1995-1998. The United States held 5.1 percent. In the later period, 1999-2002, Russia ranked first in African delivery values with 25.5 percent (\$200 million in current dollars). China ranked second with 12.7 percent (\$100 million in current dollars). The United States held 10.8 percent. The other non-major European suppliers collectively held 25.5 percent, as did all other non-European suppliers collectively (\$200 million each in current dollars). During this later period, the value of all arms deliveries to Africa decreased dramatically from \$2.7 billion in 1995-1998 to about \$800 million (in current dollars) (Tables 2C and 2E).

**Arms Deliveries to Developing Nations, 1995-2002:
Leading Suppliers Compared**

Table 2F gives the values of arms deliveries to developing nations from 1995-2002 by the top eleven suppliers. The table ranks these suppliers on the basis of the total current dollar values of their respective deliveries to the developing world for each of three periods 1995-1998, 1999-2002 and 1995-2002. Among the facts reflected in this table are the following:

- The United States ranked first among all suppliers to developing nations in the value of arms deliveries from 1999-2002 (nearly \$34 billion), and first for the entire period from 1995-2002 (\$77.4 billion).
- The United Kingdom ranked second among all suppliers to developing nations in the value of arms deliveries from 1999-2002 (\$16.4 billion), and second for the entire period from 1995-2002 (\$36.3 billion).
- Russia ranked third among all suppliers to developing nations in the value of arms deliveries from 1999-2002 (\$12.5 billion), and fourth for the entire period from 1995-2002 (\$23.3 billion).

**Arms Deliveries With Developing Nations in 2002:
Leading Suppliers Compared**

Table 2G ranks and gives for 2002 the values of arms deliveries to developing nations of the top ten suppliers in current U.S. dollars. Among the facts reflected in this table are the following:

- The United States, the United Kingdom and Russia the years top three arms suppliers ranked by the value of their arms deliveries collectively made deliveries in 2002 valued at \$13.2 billion, 77.6 percent of all arms deliveries made to developing nations by all suppliers.
- In 2002, the United States ranked first in the value of arms deliveries to developing nations, making nearly \$7 billion in such agreements, or 41 percent of them.
- The United Kingdom ranked second and Russia third in deliveries to developing nations in 2002, making \$3.3 billion and \$2.9 billion in such deliveries respectively.
- France ranked fourth in arms deliveries to developing nations in 2002, making \$1.3 billion in such deliveries, while China ranked fifth with \$800 million in deliveries.

**Arms Deliveries to Near East, 1995-2002:
Suppliers and Recipients**

Table 2H gives the values of arms delivered to Near East nations by suppliers or categories of suppliers for the periods 1995-1998 and 1999-2002. These values are expressed in current U.S. dollars. They are a subset of the data contained in Table 2 and Table 2C. Among the facts reflected by these tables are the following:

- For the most recent period, 1999-2002, the principal arms recipients of the United States in the Near East region, based on the value of their arms deliveries were Saudi Arabia (\$9.5 billion), Egypt (\$4.3 billion), Israel (\$3.4 billion), and Kuwait (\$1.4 billion). The principal arms recipients of Russia were Iran and Algeria (\$400 million each) and Yemen (\$300 million). The principal arms recipients of China were Algeria, Kuwait and Yemen (\$200 million each). The principal arms recipients of the four major West European suppliers, as a group, were Saudi

Arabia (\$15.8 billion), the U.A.E. (\$2.7 billion), Israel (\$900 million), and Kuwait (\$600 million). The principal arms recipient of all other European suppliers collectively was Saudi Arabia (\$1.3 billion). The principal arms recipient of all other suppliers, as a group, was Iran (\$300 million).

- For the period 1999-2002, Saudi Arabia received \$26.6 billion in arms deliveries. Its principal suppliers were the United States (\$9.5 billion), and the four major West Europeans, as a group (\$15.8 billion). Egypt received \$4.7 billion in arms deliveries. Its principal supplier was the United States (\$4.3 billion). Israel received \$4.3 billion in arms deliveries. Its principal supplier was the United States (\$3.4 billion). The U.A.E. received \$3.6 billion in arms deliveries. Its principal suppliers were the four major West Europeans, as a group (\$2.7 billion). Kuwait received \$2.4 billion in arms deliveries. Its principal suppliers were the United States (\$1.4 billion), and the four major West Europeans collectively, (\$600 million). Iran received \$700 million in arms deliveries. Its principal supplier was Russia (\$400 million).

- The value of United States arms deliveries to Saudi Arabia declined from \$16.2 billion in 1995-1998 to \$9.5 billion in 1999-2002, as implementation of orders placed during the Persian Gulf war era continued to be concluded.

- The value of Russian arms deliveries to Iran declined from the 1995-1998 period to the 1999-2002 period. Russian arms deliveries fell from \$800 million to \$400 million, half the level of the earlier period.

- Chinese arms deliveries to Iran dropped dramatically from 1995-1998 to 1999-2002, falling from \$800 million in 1995-1998 to nil in 1999-2002.

Arms Deliveries to Developing Nations, 1995-2002: The Leading Recipients

Table 2I gives the values of arms deliveries made to the top ten recipients of arms in the developing world from 1995-2002 by all suppliers collectively. The table ranks recipients on the basis of the total current dollar values of their respective deliveries from all suppliers for each of three periods 1995-1998, 1999-2002 and 1995-2002. Among the facts reflected in this table are the following:

- Saudi Arabia and Taiwan were the top two developing world recipients of arms from 1995-2002, receiving deliveries valued at \$64.5 billion and \$20.2 billion, respectively, during these years. The total value of all arms deliveries to developing nations from 1995-2002 was \$195.9 billion in current dollars (see Table 2). Thus, Saudi Arabia and Taiwan were responsible for 32.9 percent and 10.3 percent, respectively, of all developing world deliveries during these years together 43.2 percent of the total. In the most recent period 1999-2002 Saudi Arabia and China ranked first and second in the value of arms received by developing nations (\$26.6 billion and \$6.1 billion, respectively, in current dollars). Together, Saudi Arabia and China accounted for 38.9 percent of all developing world arms deliveries (\$32.7 billion out of nearly \$84 billion the value of all deliveries to developing nations in 1999-2002 (in current dollars).

- For the 1999-2002 period, Saudi Arabia alone received \$26.6 billion in arms deliveries (in current dollars), or 31.7 percent of all deliveries to developing nations during this period.

- During 1995-1998, the top ten recipients collectively accounted for 72.7 percent of all developing world arms deliveries. During 1999-2002, the top ten recipients collectively accounted for 75 percent of all such deliveries (Tables 2 and 2I).

Arms Transfers to Developing Nations in 2002: Agreements With Leading Recipients

Table 2J names the top ten developing world recipients of arms transfer agreements in 2002. The table ranks these recipients on the basis of the total current dollar values of their respective agreements with all suppliers in 2002. Among the facts reflected in this table are the following:

- Saudi Arabia was the leading recipient of arms deliveries in 2002 among developing nations, receiving \$5.2 billion in such deliveries, or 30.7 percent of all deliveries to developing

nations. Egypt ranked second with \$2.1 billion. Kuwait ranked third with \$1.3 billion (Tables 2 and 2J).

- Arms deliveries in 2002 to the top ten developing nation recipients, collectively, constituted \$14.6 billion, or 86.1 percent of all developing nations deliveries. Five of the top ten arms recipients in the developing world in 2002 were in the Near East region; four were in the Asia region (Tables 2 and 2J).

Description of Items Counted in Weapons Categories, 1995-2002

Tanks and Self-propelled Guns: This category includes light, medium, and heavy tanks; self-propelled artillery; self-propelled assault guns.

Artillery: This category includes field and air defense artillery, mortars, rocket launchers and recoilless rifles 100 mm and over; FROG launchers 100mm and over.

Armored Personnel Carriers (APCs) and Armored Cars: This category includes personnel carriers, armored and amphibious; armored infantry fighting vehicles; armored reconnaissance and command vehicles.

Major Surface Combatants: This category includes aircraft carriers, cruisers, destroyers, frigates.

Minor Surface Combatants: This category includes minesweepers, subchasers, motor torpedo boats, patrol craft, motor gunboats.

Submarines: This category includes all submarines, including midget submarines.

Guided Missile Patrol Boats: This category includes all boats in this class.

Supersonic Combat Aircraft: This category includes all fighter and bomber aircraft designed to function operationally at speeds above Mach 1.

Subsonic Combat Aircraft: This category includes all fighter and bomber aircraft designed to function operationally at speeds below Mach 1.

Other Aircraft: This category includes all other fixed-wing aircraft, including trainers, transports, reconnaissance aircraft, and communications/utility aircraft.

Helicopters: This category includes all helicopters, including combat and transport.

Surface-to-air Missiles: This category includes all ground-based air defense missiles.

Surface-to-surface Missiles: This category includes all surface-surface missiles without regard to range, such as Scuds and CSS-2s. It excludes all anti-tank missiles. It also excludes all anti-ship missiles, which are counted in a separate listing.

Anti-ship Missiles: This category includes all missiles in this class such as the Harpoon, Silkworm, Styx and Exocet.

Regions Identified in Arms Transfer Tables and Charts

Asia	Near East	Europe
Afghanistan	Algeria	Albania
Australia	Bahrain	Armenia
Bangladesh	Egypt	Austria
Brunei	Iran	Azerbaijan
Burma (Myanmar)	Iraq	Belarus
China	Israel	Bosnia/Herzegovina
Fiji	Jordan	Bulgaria
India	Kuwait	Belgium
Indonesia	Lebanon	Canada
Japan	Libya	Croatia
Kampuchea (Cambodia)	Morocco	Czechoslovakia/Czech Republic
Kazakhstan	Oman	Cyprus
Kyrgyzstan	Qatar	Denmark
Laos	Saudi Arabia	Estonia
Malaysia	Syria	Finland
Nepal	Tunisia	France
New Zealand	United Arab Emirates	FYR/Macedonia
North Korea	Yemen	Georgia
Pakistan		Germany
Papua New Guinea		Greece
Philippines		Hungary
Pitcairn		Iceland
Singapore		Ireland
South Korea		Italy
Sri Lanka		Latvia
Taiwan		Liechtenstein
Tajikistan		Lithuania
Thailand		Luxembourg
Turkmenistan		Malta
Uzbekistan		Moldova
Vietnam		Netherlands
		Norway
		Poland
		Portugal
		Romania
		Russia
		Slovak Republic
		Slovenia
		Spain
		Sweden
		Switzerland
		Turkey
		Ukraine
		United Kingdom
		Yugoslavia/Federal Republic

Regions Identified in Arms Transfer Tables and Charts (Cont.)

Africa

Angola
Benin
Botswana
Burkina Faso
Burundi
Cameroon
Cape Verde
Central African Republic
Chad
Congo
Cote d'Ivoire
Djibouti
Equatorial Guinea
Ethiopia
Gabon
Gambia
Ghana
Guinea
Guinea-Bissau
Kenya
Lesotho
Liberia
Madagascar
Malawi
Mali
Mauritania
Mauritius
Mozambique
Namibia
Niger
Nigeria
Réunion
Rwanda
Senegal
Seychelles
Sierra Leone
Somalia
South Africa
Sudan
Swaziland
Tanzania
Togo
Uganda
Zaire
Zambia
Zimbabwe

Latin America

Antigua
Argentina
Bahamas
Barbados
Belize
Bermuda
Bolivia
Brazil
British Virgin Islands
Cayman Islands
Chile
Colombia
Costa Rica
Cuba
Dominica
Dominican Republic
Ecuador
El Salvador
French Guiana
Grenada
Guadeloupe
Guatemala
Guyana
Haiti
Honduras
Jamaica
Martinique
Mexico
Montserrat
Netherlands Antilles
Nicaragua
Panama
Paraguay
Peru
St. Kitts and Nevis
St. Lucia
St. Pierre and Miquelon
St. Vincent
Suriname
Trinidad
Turks and Caicos
Venezuela